

Minutes of the meeting of the Audit and Compliance Committee of the Board of Directors of the Cook County Health and Hospitals System held Tuesday, September 11, 2012 at the hour of 10:30 A.M., at 1900 West Polk Street, in the Second Floor Conference Room, Chicago, Illinois.

I. Attendance/Call to Order

Chairman Muñoz called the meeting to order.

Present: Chairman Luis Muñoz, MD, MPH and Directors Reverend Calvin S. Morris, PhD and Dorene P. Wiese, EdD (3)

Present
Telephonically: Gerald Bauman (non-Director Member)

Absent: None (0)

Chairman Muñoz stated that Gerald Bauman was unable to be physically present, but would like to participate in the meeting telephonically.

Director Morris, seconded by Director Wiese, moved to allow Gerald Bauman to participate in this meeting telephonically. THE MOTION CARRIED UNANIMOUSLY.

Mr. Bauman indicated his presence telephonically.

Additional attendees and/or presenters were:

Cathy Bodnar – System Chief Compliance and Privacy Officer
KinKhuen Chan – Associate Director of Information Technology Audit
John Cookinham – System Chief Financial Officer
Bala Hota, MD – System Interim Chief Information Officer

Ram Raju, MD, MBA, FACS, FACHE – Chief Executive Officer
Elizabeth Reidy – System General Counsel
Deborah Santana – Secretary to the Board
Thomas Schroeder – System Director of Internal Audit

II. Public Speakers

Chairman Muñoz asked the Secretary to call upon the registered speakers.

The Secretary called upon the following registered speaker:

1. George Blakemore Concerned Citizen

III. **Report from System Corporate Compliance Officer (Attachment #1)

A. Activity Report

Cathy Bodnar, System Corporate Compliance and Privacy Officer, presented information regarding the following subjects: regulatory context for Corporate Compliance in a healthcare setting; Corporate Compliance Program Mission and Vision; and 3rd Quarter FY2012 Corporate Compliance Status Report for Reactive Issues and Proactive Work Plan. The Committee reviewed and discussed the information.

III. **Report from System Corporate Compliance Officer (continued)

Following her report, Ms. Bodnar noted that on February 25 and 26, 2012, the Health Care Compliance Association will be holding their annual Audit and Compliance Committee Conference in Phoenix, Arizona; this Conference is held primarily for board members as a tool to help them frame what Audit and Compliance committees do.

IV. **Report from System Director of Internal Audit (Attachment #2)

A. Activity Report

Tom Schroeder, System Director of Internal Audit, provided an update on the following subjects: 2012 Internal Audit Plan Status; 2013 Internal Audit Budget; Internal Audit Charter; Grants Audit; and CCHHS Meaningful Use Project. Also included for the Committee's information were the following documents: Cook County, Illinois Report on Federal Awards for the Fiscal Year ended November 30, 2011; CCHHS Meaningful Use Incentive Programs; and Public Health Institute of Metropolitan Chicago (PHIMC) Financial Statements – December 31, 2011 and 2010, together with Independent Auditor's Report and Federal Financial Award Reports. Additionally, KinKuen Chan, Associate Director of Information Technology Audit, reviewed the information regarding Meaningful Use Incentive Programs. The Committee reviewed and discussed the information.

During the discussion of the information on the grants audit, Mr. Schroeder stated that he can forward the last internal review of the Cook County Department of Public Health and PHIMC. He added that he and his staff are currently working on the internal review of the Hektoen grants; he anticipates that this will be finalized and will be ready to present at the next Committee Meeting in November.

V. Action Items

A. Minutes of the Audit and Compliance Committee Meeting, July 17, 2012

Director Morris, seconded by Director Wiese, moved to accept the minutes of the Audit and Compliance Committee Meeting of July 17, 2012. THE MOTION CARRIED UNANIMOUSLY.

B. Any items listed under Sections V and VI

VI. Closed Session Items

A. **Report from System Corporate Compliance Officer

B. **Report from System Director of Internal Audit

C. Discussion of Personnel Matters

Director Morris, seconded by Director Wiese, moved to recess the regular session and convene into closed session, pursuant to the following exceptions to the Illinois Open Meetings Act: 5 ILCS 120/2(c)(1), regarding "the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public

VI. Closed Session Items (continued)

body to determine its validity,” and 5 ILCS 120/2(c)(28), regarding “meetings between internal or external auditors and governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America.” THE MOTION CARRIED UNANIMOUSLY.

Chairman Muñoz declared that the closed session was adjourned. The Committee reconvened into regular session.

VII. Adjourn

As the agenda was exhausted, Chairman Muñoz declared the meeting ADJOURNED.

Respectfully submitted,
Audit and Compliance Committee of the
Board of Directors of the
Cook County Health and Hospitals System

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Luis Muñoz, MD, MPH, Chairman

Attest:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Deborah Santana, Secretary

Cook County Health and Hospitals System
Audit and Compliance Committee Meeting Minutes
September 11, 2012

ATTACHMENT #1

Corporate Compliance Report

Cathy Bodnar, MS, RN, CHC
Chief Compliance & Privacy Officer

September 11, 2012

Meeting Objectives

- To provide a regulatory context for Corporate Compliance in a healthcare setting
- To re-introduce the Corporate Compliance Program Mission & Vision
- To file the 3rd Quarter FY 2012 Corporate Compliance Status Report for
 - Reactive Issues
 - Proactive Work Plan

Historically

- In 1991, Federal Sentencing Guidelines has served as a foundation for structuring effective programs to prevent and detect violations of law.
- In 1998, the Department of Health and Human Services, Office of the Inspector General began to release guidance documents for various areas in healthcare on the development of effective compliance programs.

The Future

- In 2010, Patient Protection and Affordable Care Act (PPACA) requires providers, as a condition of enrollment in Medicare, Medicaid, or the Children's Health Insurance Program (CHIP), to establish a compliance program that contains certain core elements.

Elements of a Compliance Program

There are seven required elements¹:

- Setting standards through written policies and procedures
- Communicating the standards through regular education and training programs
- Enforcing standards and disciplining actions that are non-compliant
- Providing a mechanism for reporting potential violations
- Responding to and investigating the concerns raised
- Utilizing monitoring and auditing activities to decrease problems
- Maintaining an organizational structure to sustain and enhance the program

¹ OIG Compliance Program Guidance for Hospitals, Federal Register/
Vol. 63, No. 35/Monday, February 23, 1998



On a Basic Level a Compliance Program is

- prevention, detection, collaboration, and enforcement;
- a system of policies and procedures developed to assure compliance with federal, state, and local laws and regulations;
- an evolving process and an ongoing commitment to conduct business ethically; and the ongoing commitment must come from not only the organization as a whole, but from each person individually.

Compliance Mission Statement

The Corporate Compliance Program upholds the mission, vision, and core goals of Cook County Health & Hospitals System by establishing and supporting a system-wide culture of honesty and respect to guide everyone's actions by

- Developing standards
- Increasing awareness
- Promoting honest behavior and professional responsibility

through education, awareness, and shared accountability that promotes compliance with applicable laws, regulations, and system policies.

Vision Statement

To ensure safeguards are in place for our patients, our staff, and the public at large, the Corporate Compliance Program will be a resource to everyone affiliated¹ with Cook County Health & Hospitals System.



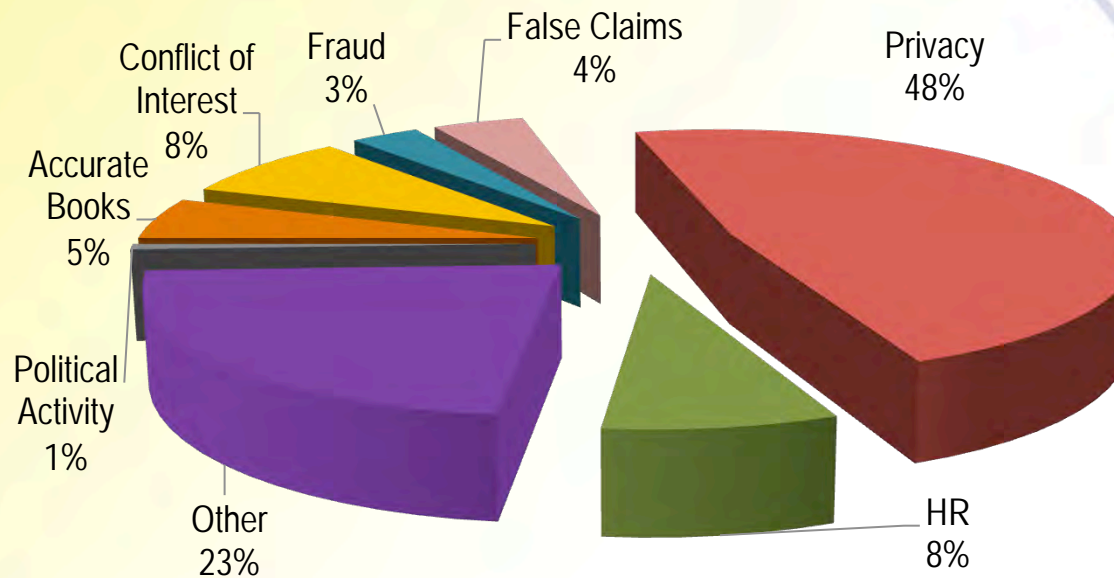
¹ For the purposes of this statement, “affiliated” is defined as all employees, medical staff, house staff, Board members, volunteers, students, patients, partners, consultants, agency personnel, and vendors.



Questions?

Issue Count by Category

279 Issues Opened in F-YTD 2012



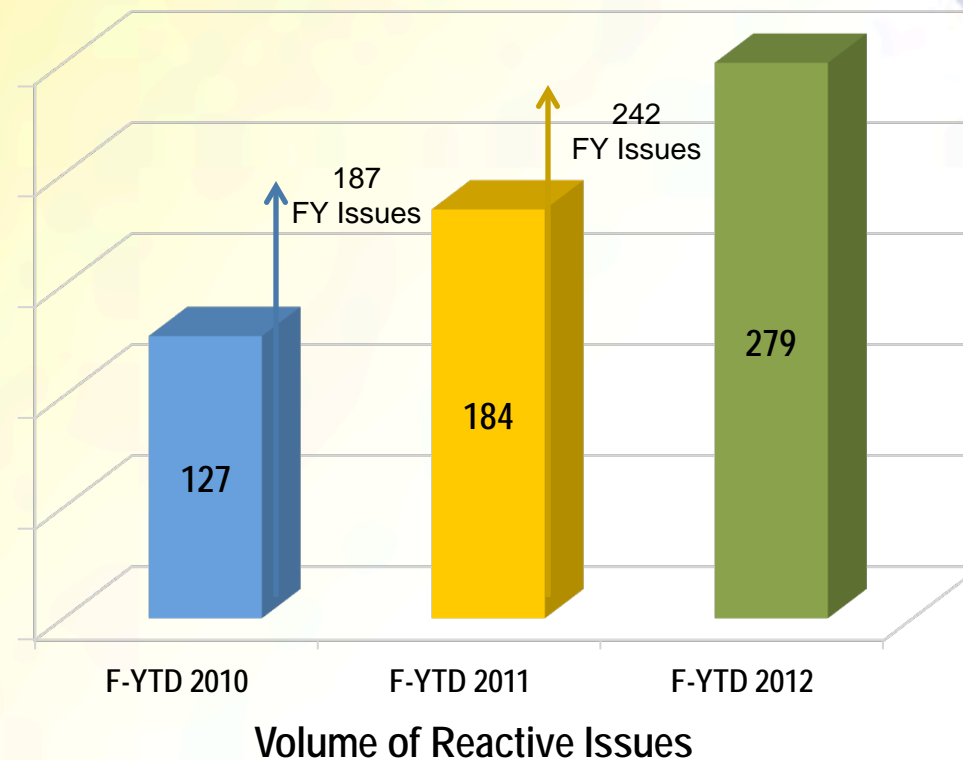
Actual Counts

Privacy (HIPAA)	133	Accurate Books	15	Political Activity	2
Conflict of Interest	23	False Claims	12	Other	63
Human Resources	22	HC Fraud	9		



Compliance Issue Count

Fiscal Year to Date 2012
1st – 2nd – 3rd Quarters

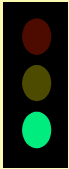




Questions?

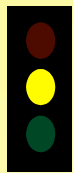
Compliance Work Plan (Proactive)

FY 2012 Goals

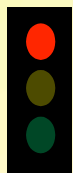
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- 1) Continue to serve as a resource to all our patients, our staff, and the public at large.
 - 2) Continue to investigate all complaints brought to the attention of the Program.
 - 3) Continue to develop policies to promote compliance.
 - 4) Implement solutions aimed at identifying and resolving preventable risks.
 - 5) Deploy system-wide annual compliance education using an Electronic Learning Management System.

Compliance Work Plan (Proactive)

FY 2012 Goals (continued)



- 6) Deploy system-wide conflict of interest data collection tool for annual attestation and reporting changes throughout the year.
- 7) Implement System record retention policy and procedure.



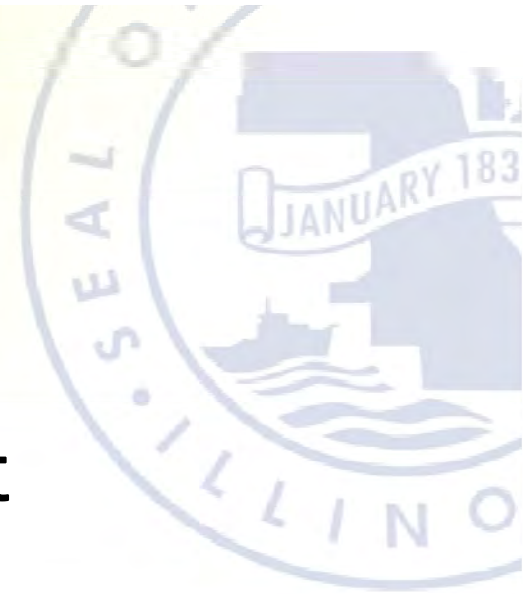
- 8) Continue to perform proactive auditing and monitoring for healthcare services, in both professional and facility/technical areas, patient privacy and confidentiality, and policy compliance.
- 9) Publish and distribute an updated Standards of Conduct.



Questions?

Cook County Health and Hospitals System
Audit and Compliance Committee Meeting Minutes
September 11, 2012

ATTACHMENT #2



Internal Audit Report

September 11, 2012

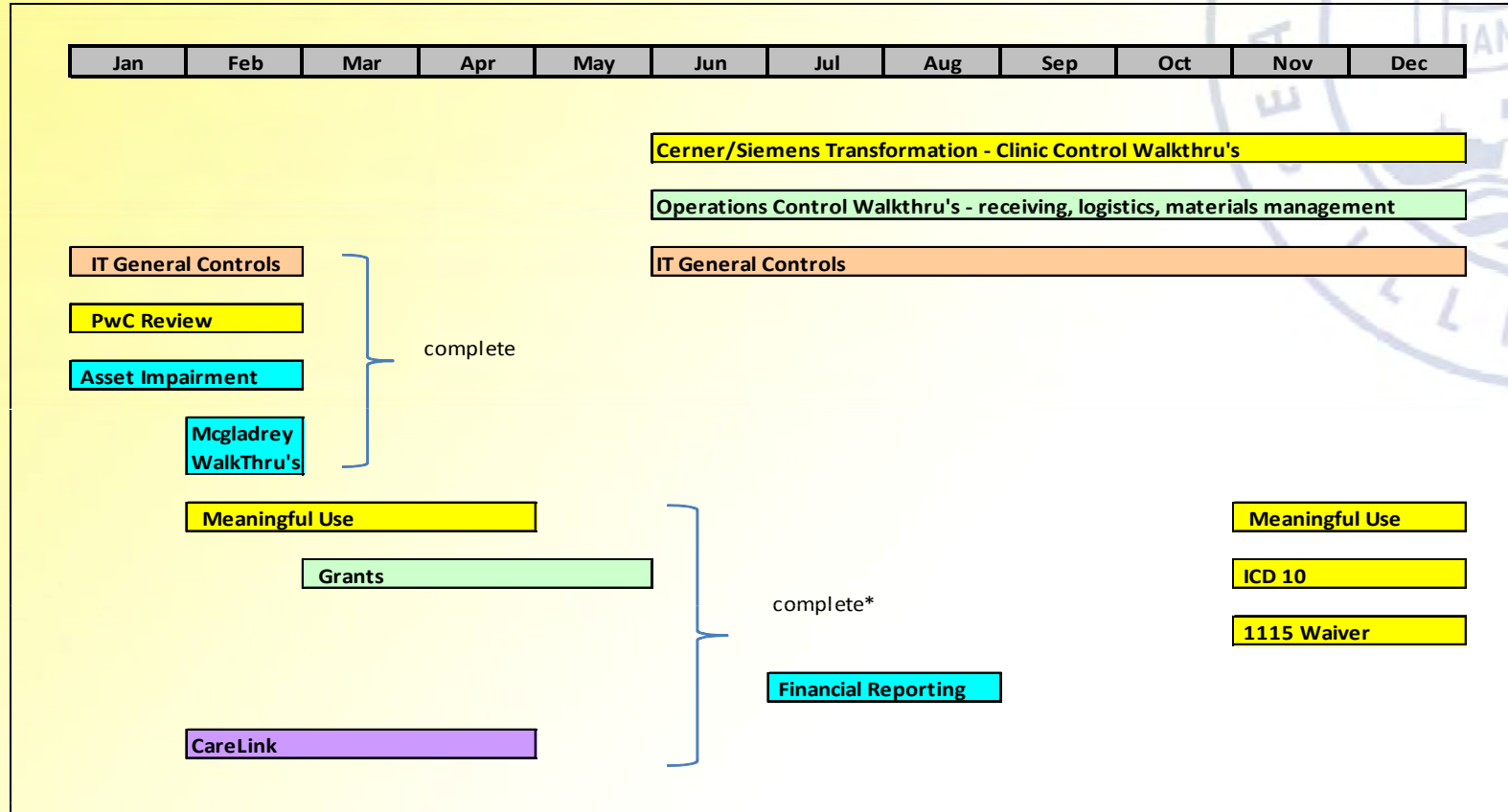


Objective

- Review 2012 Internal Audit Plan Status
- Review 2013 Internal Audit Budget
- Review Internal Audit Charter
- Update on Grants Audit
- Update on CCHHS Meaningful Use Project

Cook County Health & Hospitals System

2012 Internal Audit Plan



* Grants complete except for Hektoen.

Primary Functional Areas:	
	Cross functional - two or more functions; revenue cycle, IT, clinical, ops
	IT
	Operations
	Finance
	Revenue Cycle

Internal Audit Budget

	<u>2012</u>	<u>2013</u>	<u>Change</u>
Salaries and Wages	\$ 445,966	\$ 454,767	2%
Maintenance Contracts	10,000	-	-100%
Professional Services	10,000	10,000	0%
Professional Memberships	3,000	2,910	-3%
Training	2,000	1,940	-3%
Publications	600	600	0%
Transportation	<u>500</u>	<u>485</u>	<u>-3%</u>
Total	<u>\$ 472,066</u>	<u>\$ 470,702</u>	<u>0%</u>

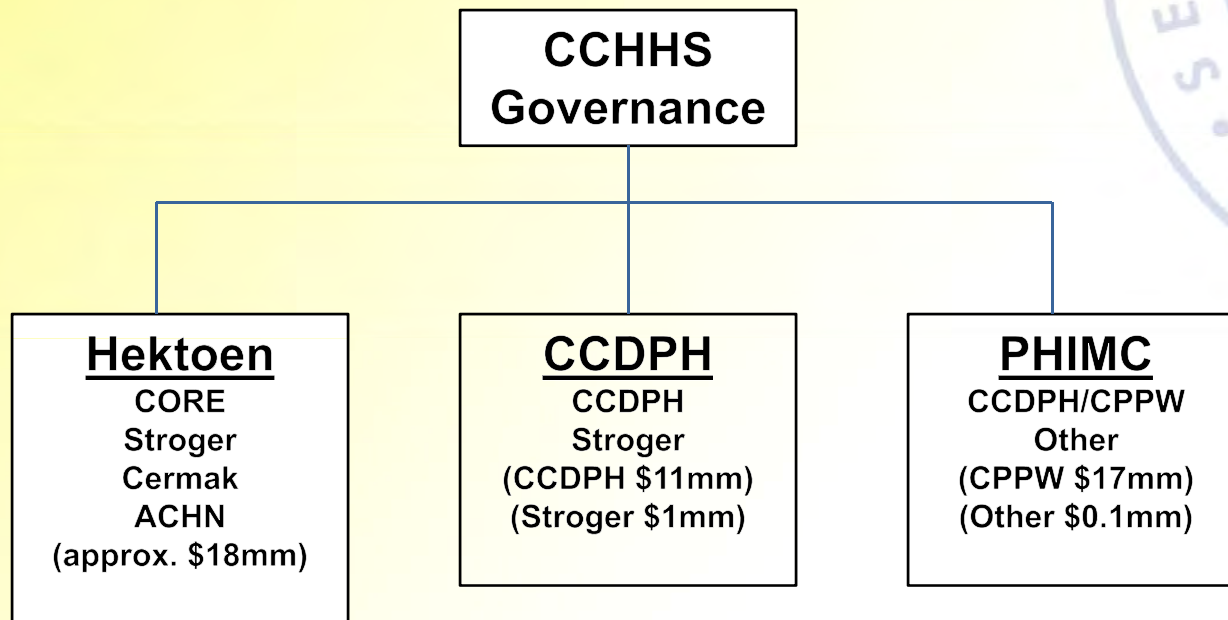


Internal Audit Charter

Significant Sections (complete charter included)

1. Mission
2. Role
3. Professional Standards
4. Authority
5. Independence
6. Accountability
7. Audit Scope
8. Responsibility

Grants



Grants, continued

- In the United States, the **Single Audit**, also known as the **OMB A-133 audit**, is an organization-wide audit of an entity that expends \$500,000 or more of Federal assistance
- Performed annually, the Single Audit's objective is to provide assurance to the Federal government as to the management and use of such funds by recipients such as states, cities, counties, universities, and other non-profit organizations
- Performed by an independent certified public accountant (CPA)
- The audit encompasses both financial and compliance components

Grants, continued

Cook County

The Single Audit covers Federal awards whereby Cook County is the direct recipient of the award (first detailed review including CCHHS)

Audit period covers the year ended November 30, 2011

With respect to CCHHS, there was one issue noted which related primarily to documentation requirements within the procurement process (see Cook County, Illinois Report on Federal Awards, pages 62-65)

CCHHS Supply Chain management provided a Corrective Action Plan (see Cook County, Illinois Report on Federal Awards, pages 99-100)

Per CCHHS Supply Chain management, the corrective measures identified in the plan have been implemented

Grants, continued

Public Health Institute of Metropolitan Chicago (PHIMC)

PHIMC serves as the fiscal and administrative agent on a number of Federal awards. PHIMC and certain CCHHS affiliates partner to provide grant-related services to the residents of Cook County

Audit period covers the year ended December 31, 2011

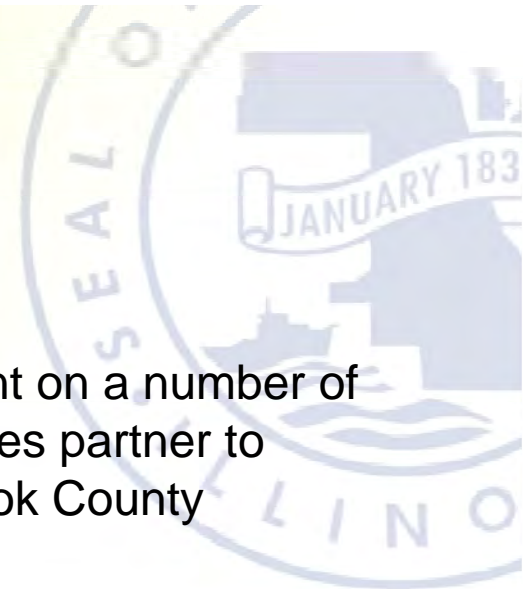
There were no issues identified in the report (see Public Health Institute of Metropolitan Chicago, Financial Statements, page 23)

Grants, continued

Hektoen

Hektoen serves as the fiscal and administrative agent on a number of Federal awards. Hektoen and certain CCHHS affiliates partner to provide grant-related services to the residents of Cook County

Hektoen's audit for the year ended August 31, 2012 is currently underway. Results will be available Q1 2013



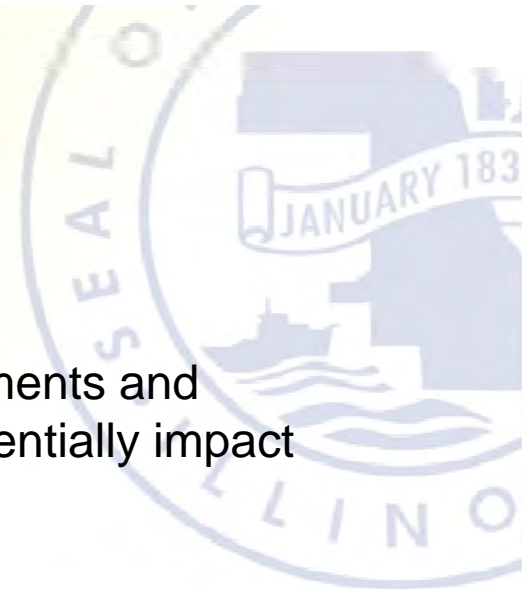
Meaningful Use

Incentive Payments

On August 23, 2012, CMS finalized Stage 2 requirements and announced some changes in Stage 1 that would potentially impact CCHHS

On January 30, 2012, CCHHS attested to the Medicaid EHR Meaningful Use Incentive Payment for the Eligible Hospitals for Stroger Hospital and Provident Hospital

On April 20, 2012, CCHHS received \$3,893,227 for the Medicaid EHR Meaningful Use Incentive Payment for Stroger Hospital Only



Meaningful Use, continued

Attestation Plans and Reporting Requirements

CCHHS plans to attest for Eligible Professionals in CY2012 for Medicare and Medicaid; the last date to register and attest with a 90 day reporting requirement is February 28, 2013

CCHHS plans to attest for Eligible Hospitals in FY2012 for Medicare and Medicaid; the last date to register and attest with a 90 day reporting requirement is November 30, 2012

Meaningful Use, continued

CMS Audit

The Centers for Medicare & Medicaid Services (CMS) has begun to audit providers who have received payments under the Medicare and Medicaid Electronic Health Record (EHR) Incentive Programs. The audit letters, which will come from accounting firm Figlioizzi and Company, request four categories of information from participants:

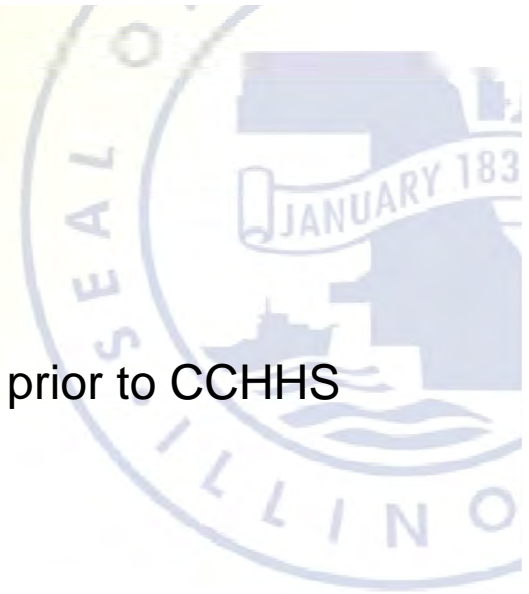
- a copy of the provider's certification from the Office of the National Coordinator for Health Information Technology to show that the provider has a certified EHR system
- documentation to support the method used to report emergency department admissions, which affects some of the required measures
- documentation to support completion of the attestation module responses regarding the core set of objectives and measures
- documentation to support completion of the attestation module responses regarding the menu set of objectives and measures

The organizations selected for an audit have 2 weeks to comply with the high-level records requests; there will be no site visits.

Meaningful Use, continued

Internal Audit

IA plans to perform an internal Meaningful Use Audit prior to CCHHS attestation date.



CCHHS

Meaningful Use Incentive Programs

Internal Audit Update
KinKhuen Chan

CCHHS MU Update

- CCHHS MU Attestation Plans
 - Management Update on MU Initiatives
- MU Stage 2 finalized 8/23/2012
 - Stage 1 changes
 - Reporting timeline
 - Stage 2 requirements & CQMs
- CMS MU Audit
- CCHHS MU Internal Audit

CCHHS MU Attestation Plans

Attestation	Medicare	Medicaid	Reporting
Eligible Providers	Plan to begin attestation in CY2012	Plan to begin attestation in CY2012	Needs to successfully demonstrate MU for 90 days; Report by 2/28/2013
Eligible Hospitals	Plan to begin attestation in FY2012	<p>Began attestation for Stroger and Provident in FY2011 under AIU (Incentive Payment received for Stroger \$3,893,227)</p> <p>In FY2012, CCHHS needs to successfully demonstrate MU for 90 days</p>	Needs to successfully demonstrate MU for 90 days; Report by 11/30/2012

CCHHS Management Update on MU Initiatives

- Dr. Bala Hota, Interim CIO, CMIO presentation

Stage 2 – CMS finalized 8/23/2012

- CMS recently announced some changes to the Stage 1 meaningful use objectives, measures, and exclusions for eligible professionals (EPs), eligible hospitals, and critical access hospitals (CAHs).
 - For EHs and CAHs, some changes will take effect as early as October 1, 2012.
 - For EPs, some changes will take effect as early as January 1, 2013.
 - Other Stage 1 changes will not take effect until the 2014 fiscal or calendar year and will be optional in 2013.

MU Stage 1 changes

Stage 1 Objective	Changes to Objective	Effective Year (CY/FY)
Use CPOE for medication orders directly entered by any licensed healthcare professional who can enter orders into the medical record per State, local and professional guidelines	<p>Change: Addition of an alternative measure</p> <p>More than 30 percent of medication orders created by the EP or authorized providers of the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) during the EHR reporting period are recorded using CPOE</p>	2013 - Onward (Optional)
Generate and transmit permissible prescriptions electronically (eRx)	<p>Change: Addition of an additional exclusion</p> <p>Any EP who: does not have a pharmacy within their organization and there are no pharmacies that accept electronic prescriptions within 10 miles of the EP's practice location at the start of his/her EHR reporting period.</p>	2013 – Onward (Required)
Record and chart changes in vital signs	<p>Change: Age Limitations on Growth Charts and Blood Pressure</p> <p>More than 50 percent of all unique patients seen by the EP or admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) during the EHR reporting period have blood pressure (for patients age 3 and over only) and height and weight (for all ages) recorded as structured data</p>	<p>2013 Only (Optional)</p> <p>2014 – Onward (Required)</p>
Public Health Objectives	Change: Addition of "except where prohibited" to the objective regulation text for the public health objectives under § 495.6	2013 – Onward (Required)

MU Stage 1 changes (cont.)

Stage 1 Objective	Changes to Objective	Effective Year (CY/FY)
Record and chart changes in vital signs	<p>Change: Changing the age and splitting the EP exclusion</p> <p>Any EP who</p> <p>(1) Sees no patients 3 years or older is excluded from recording blood pressure;</p> <p>(2) Believes that all three vital signs of height, weight, and blood pressure have no relevance to their scope of practice is excluded from recording them;</p> <p>(3) Believes that height and weight are relevant to their scope of practice, but blood pressure is not, is excluded from recording blood pressure; or</p> <p>(4) Believes that blood pressure is relevant to their scope of practice, but height and weight are not, is excluded from recording height and weight.</p>	<p>2013 Only (Optional)</p> <p>2014 – Onward (Required)</p>
Capability to exchange key clinical information (for example, problem list, medication list, medication allergies, and diagnostic test results), among providers of care and patient authorized entities electronically	Change: Objective is no longer required	2013 – Onward (Required)
Report ambulatory/hospital clinical quality measures to CMS or the States	Change: Objective is incorporated directly into the definition of a meaningful EHR user and eliminated as an objective	2013 – Onward (Required)

MU Stage 1 changes (cont.)

Stage 1 Objective	Changes to Objective	Effective Year (CY/FY)
<p>EP and Hospital Objectives: Provide patients with an electronic copy of their health information (including diagnostics test results, problem list, medication lists, medication allergies, discharge summary, procedures) upon request.</p> <p>EP Objective: Provide patients with timely electronic access to their health information (including lab results, problem list, medication lists, and allergies) within 4 business days of the information being available to the EP.</p> <p>Hospital Objective: Provide patients with an electronic copy of their discharge instructions at time of discharge, upon request.</p>	<p>Change: Replace these four objectives with the Stage 2 objective and one of the two Stage 2 measures.</p> <p>EP Objective: Provide patients the ability to view online, download and transmit their health information within 4 business days of the information being available to the EP.</p> <p>EP Measure: More than 50 percent of all unique patients seen by the EP during the EHR reporting period are provided timely (within 4 business days after the information is available to the EP) online access to their health information subject to the EP's discretion to withhold certain information.</p> <p>Hospital Objective: Provide patients the ability to view online, download and transmit information about a hospital admission.</p> <p>Hospital Measure: More than 50 percent of all patients who are discharged from the inpatient or emergency department (POS 21 or 23) of an eligible hospital or CAH have their information available online within 36 hours of discharge.</p>	<p>2014 – Onward (Required)</p>

Stage 1 changes (cont.)

- Exclusions for Menu Objectives
 - Beginning in 2014, EPs, eligible hospitals, and CAHs will no longer be permitted to count an exclusion toward the minimum of 5 menu objectives on which they must report if there are other menu objectives which they can select.
 - In other words, a provider cannot select a menu objective and claim an exclusion for it if there are other menu objectives they can meet.
 - EPs, eligible hospitals, and CAHs will not be penalized for selecting a menu objective and claiming the exclusion if they would also qualify for the exclusions for all the remaining menu objectives.

MU Stage 2

- The Stage 2 requirements will expand meaningful use of certified EHR technology.
- CMS consolidated several existing Stage 1 objectives and added new objectives for Stage 2.
- In Stage 2, there are 20 measures for EPs (17 core and 3 of 6 menu) and 19 measures for eligible hospitals (16 core and 3 of 6 menu).

Stage 1	Stage 2
EP (15 Core, 5 of 10 Menu)	EP (17 Core, 3 of 6 Menu)
EH (14 Core, 5 of 10 Menu)	EH (16 Core, 3 of 6 Menu)

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Use CPOE for medication orders directly entered by any licensed healthcare professional who can enter orders into the medical record per state, local and professional guidelines	More than 30% of unique patients with at least one medication in their medication list seen by the EP have at least one medication order entered using CPOE	Use computerized provider order entry (CPOE) for medication, laboratory and radiology orders directly entered by any licensed healthcare professional who can enter orders into the medical record per state, local and professional guidelines	More than 60% of medication, 30% of laboratory, and 30% of radiology orders created by the EP during the EHR reporting period are recorded using CPOE
Implement drug-drug and drug-allergy interaction checks	The EP has enabled this functionality for the entire EHR reporting period	No longer a separate objective for Stage 2	This measure is incorporated into the Stage 2 Clinical Decision Support measure
Generate and transmit permissible prescriptions electronically (eRx)	More than 40% of all permissible prescriptions written by the EP are transmitted electronically using certified EHR technology	Generate and transmit permissible prescriptions electronically (eRx)	More than 50% of all permissible prescriptions written by the EP are compared to at least one drug formulary and transmitted electronically using Certified EHR Technology

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Record demographics <ul style="list-style-type: none"> •Preferred language •Gender •Race •Ethnicity •Date of birth 	More than 50% of all unique patients seen by the EP have demographics recorded as structured data	Record the following demographics <ul style="list-style-type: none"> •Preferred language •Gender •Race •Ethnicity •Date of birth 	More than 80% of all unique patients seen by the EP have demographics recorded as structured data
Maintain an up-to-date problem list of current and active diagnoses	More than 80% of all unique patients seen by the EP have at least one entry or an indication that no problems are known for the patient recorded as structured data	No longer a separate objective for Stage 2	This measure is incorporated into the Stage 2 measure of Summary of Care Document at Transitions of Care and Referrals
Maintain active medication list	More than 80% of all unique patients seen by the EP have at least one entry (or an indication that the patient is not currently prescribed any medication) recorded as structured data	No longer a separate objective for Stage 2	This measure is incorporated into the Stage 2 measure of Summary of Care Document at Transitions of Care and Referrals

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Maintain active medication allergy list	More than 80% of all unique patients seen by the EP have at least one entry (or an indication that the patient has no known medication allergies) recorded as structured data	No longer a separate objective for Stage 2	This measure is incorporated into the Stage 2 measure of Summary of Care Document at Transitions of Care and Referrals
Record and chart changes in vital signs: •Height •Weight •Blood pressure •Calculate and display BMI •Plot and display growth charts for children 2-20 years, including BMI	For more than 50% of all unique patients age 2 and over seen by the EP, blood pressure, height and weight are recorded as structured data	Record and chart changes in vital signs: •Height •Weight •Blood pressure (age 3 and over) •Calculate and display BMI •Plot and display growth charts for patients 0-20 years, including BMI	More than 80% of all unique patients seen by the EP have blood pressure (for patients age 3 and over only) and height and weight (for all ages) recorded as structured data
Record smoking status for patients 13 years old or older	More than 50% of all unique patients 13 years old or older seen by the EP have smoking status recorded as structured data	Record smoking status for patients 13 years old or older	More than 80% of all unique patients 13 years old or older seen by the EP have smoking status recorded as structured data

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Implement one clinical decision support rule relevant to specialty or high clinical priority along with the ability to track compliance that rule	Implement one clinical decision support rule	Use clinical decision support to improve performance on high-priority health conditions	1. Implement 5 clinical decision support interventions related to 4 or more clinical quality measures, if applicable, at a relevant point in patient care for the entire EHR reporting period. 2. The EP, eligible hospital, or CAH has enabled the functionality for drug-drug and drug-allergy interaction checks for the entire EHR reporting period
Report clinical quality measures (CQMs) to CMS or the States	Provide aggregate numerator, denominator, and exclusions through attestation or through the PQRS Electronic Reporting Pilot	No longer a separate objective for Stage 2, but providers must still submit CQMs to CMS or the States in order to achieve meaningful use	Starting in 2014, all CQMs will be submitted electronically to CMS

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Provide patients with an electronic copy of their health information (including diagnostic test results, problem list, medication lists, medication allergies), upon request	More than 50% of all patients of the EP who request an electronic copy of their health information are provided it within 3 business days	Provide patients the ability to view online, download and transmit their health information within four business days of the information being available to the EP	i. More than 50% of all unique patients seen by the EP during the EHR reporting period are provided timely (available to the patient within 4 business days after the information is available to the EP) online access to their health information ii. More than 5% of all unique patients seen by the EP during the EHR reporting period (or their authorized representatives) view, download, or transmit to a third party their health information
Provide clinical summaries for patients for each office visit	Clinical summaries provided to patients for more than 50% of all office visits within 3 business days	Provide clinical summaries for patients for each office visit	Clinical summaries provided to patients within one business day for more than 50% of office visits

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Capability to exchange key clinical information (for example, problem list, medication list, medication allergies, diagnostic test results), among providers of care and patient authorized entities electronically	Performed at least one test of certified EHR technology's capacity to electronically exchange key clinical information	This objective is eliminated from Stage 1 in 2013 and is no longer an objective for Stage 2	This measure is eliminated from Stage 1 in 2013 and is no longer a measure for Stage 2
Protect electronic health information created or maintained by the certified EHR technology through the implementation of appropriate technical capabilities	Conduct or review a security risk analysis per 45 CFR 164.308 (a)(1) and implement security updates as necessary and correct identified security deficiencies as part of its risk management process	Protect electronic health information created or maintained by the Certified EHR Technology through the implementation of appropriate technical capabilities.	Conduct or review a security risk analysis in accordance with the requirements under 45 CFR 164.308 (a)(1), including addressing the encryption/security of data at rest and implement security updates as necessary and correct identified security deficiencies as part of its risk management process
Implement drug-formulary checks	The EP has enabled this functionality and has access to at least one internal or external drug formulary for the entire EHR reporting period	No longer a separate objective for Stage 2	This measure is incorporated into the e-Prescribing measure for Stage 2

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Incorporate clinical lab-test results into certified EHR technology as structured data	More than 40% of all clinical lab tests results ordered by the EP during the EHR reporting period whose results are either in a positive/negative or numerical format are incorporated in certified EHR technology as structured data	Incorporate clinical lab-test results into Certified EHR Technology as structured data	More than 55% of all clinical lab tests results ordered by the EP during the EHR reporting period whose results are either in a positive/negative or numerical format are incorporated in Certified EHR Technology as structured data
Generate lists of patients by specific conditions to use for quality improvement, reduction of disparities, research or outreach	Generate at least one report listing patients of the EP with a specific condition	Generate lists of patients by specific conditions to use for quality improvement, reduction of disparities, research, or outreach	Generate at least one report listing patients of the EP with a specific condition
Send reminders to patients per patient preference for preventive/ follow up care	More than 20% of all unique patients 65 years or older or 5 years old or younger were sent an appropriate reminder during the EHR reporting period	Use clinically relevant information to identify patients who should receive reminders for preventive/follow-up care	Use EHR to identify and provide reminders for preventive/follow-up care for more than 10% of patients with two or more office visits in the last 2 years

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Provide patients with timely electronic access to their health information (including lab results, problem list, medication lists, medication allergies) within four business days of the information being available to the EP	More than 10% of all unique patients seen by the EP are provided timely (available to the patient within four business days of being updated in the certified EHR technology) electronic access to their health information subject to the EP's discretion to withhold certain information	This objective is eliminated from Stage 1 in 2014 and is no longer an objective for Stage 2	This measure is eliminated from Stage 1 in 2014 and is no longer a measure for Stage 2
Use certified EHR technology to identify patient-specific education resources and provide those resources to the patient if appropriate	More than 10% of all unique patients seen by the EP are provided patient-specific education resources	Use certified EHR technology to identify patient-specific education resources and provide those resources to the patient if appropriate	Patient-specific education resources identified by CEHRT are provided to patients for more than 10% of all unique patients with office visits seen by the EP during the EHR reporting period
The EP who receives a patient from another setting of care or provider of care or believes an encounter is relevant should perform medication reconciliation	The EP performs medication reconciliation for more than 50% of transitions of care in which the patient is transitioned into the care of the EP	The EP who receives a patient from another setting of care or provider of care or believes an encounter is relevant should perform medication reconciliation	The EP performs medication reconciliation for more than 50% of transitions of care in which the patient is transitioned into the care of the EP

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
The EP who transitions their patient to another setting of care or provider of care or refers their patient to another provider of care should provide summary of care record for each transition of care or referral	The EP who transitions or refers their patient to another setting of care or provider of care provides a summary of care record for more than 50% of transitions of care and referrals	The EP who transitions their patient to another setting of care or provider of care or refers their patient to another provider of care should provide summary of care record for each transition of care or referral	<p>1. The EP who transitions or refers their patient to another setting of care or provider of care provides a summary of care record for more than 50% of transitions of care and referrals</p> <p>2. The EP who transitions or refers their patient to another setting of care or provider of care provides a summary of care record either a) electronically transmitted to a recipient using CEHRT or b) where the recipient receives the summary of care record via exchange facilitated by an organization that is a NwHIN Exchange participant or is validated through an ONC-established governance mechanism to facilitate exchange for 10% of transitions and referrals</p>

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
The EP who transitions their patient to another setting of care or provider of care or refers their patient to another provider of care should provide summary of care record for each transition of care or referral	The EP who transitions or refers their patient to another setting of care or provider of care provides a summary of care record for more than 50% of transitions of care and referrals	The EP who transitions their patient to another setting of care or provider of care or refers their patient to another provider of care should provide summary of care record for each transition of care or referral	3. The EP who transitions or refers their patient to another setting of care or provider of care must either a) conduct one or more successful electronic exchanges of a summary of care record with a recipient using technology that was designed by a different EHR developer than the sender's, or b) conduct one or more successful tests with the CMS-designated test EHR during the EHR reporting period
Capability to submit electronic data to immunization registries or Immunization Information Systems and actual submission except where prohibited and in accordance with applicable law and practice	Performed at least one test of certified EHR technology's capacity to submit electronic data to immunization registries and follow up submission if the test is successful (unless none of the immunization registries to which the EP submits such information have the capacity to receive the information electronically)	Capability to submit electronic data to immunization registries or Immunization Information Systems and actual submission except where prohibited and in accordance with applicable law and practice	Successful ongoing submission of electronic immunization data from Certified EHR Technology to an immunization registry or immunization information system for the entire EHR reporting period

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

CORE OBJECTIVES (17 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
NEW	NEW	Use secure electronic messaging to communicate with patients on relevant health information	A secure message was sent using the electronic messaging function of Certified EHR Technology by more than 5% of unique patients seen during the EHR reporting period

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

MENU OBJECTIVES
(EPs must select 3 of 6 menu objectives)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Capability to submit electronic syndromic surveillance data to public health agencies and actual submission except where prohibited and in accordance with applicable law and practice	Performed at least one test of certified EHR technology's capacity to provide electronic syndromic surveillance data to public health agencies and follow-up submission if the test is successful (unless none of the public health agencies to which an EP, eligible hospital or CAH submits such information have the capacity to receive the information electronically)	Capability to submit electronic syndromic surveillance data to public health agencies and actual submission except where prohibited and in accordance with applicable law and practice	Successful ongoing submission of electronic syndromic surveillance data from Certified EHR Technology to a public health agency for the entire EHR reporting period
NEW	NEW	Record electronic notes in patient records	Enter at least one electronic progress note created, edited and signed by an EP for more than 30% of unique patients
NEW	NEW	Imaging results consisting of the image itself and any explanation or other accompanying information are accessible through CEHRT	More than 10% of all scans and tests whose result is an image ordered by the EP for patients seen during the EHR reporting period are incorporated into or accessible through Certified EHR Technology

Stage 1 vs. Stage 2 Comparison Table for Eligible Professionals (cont.)

MENU OBJECTIVES
(EPs must select 3 of 6 menu objectives)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
NEW	NEW	Record patient family health history as structured data	More than 20% of all unique patients seen by the EP during the EHR reporting period have a structured data entry for one or more first-degree relatives or an indication that family health history has been reviewed
NEW	NEW	Capability to identify and report cancer cases to a State cancer registry, except where prohibited, and in accordance with applicable law and practice	Successful ongoing submission of cancer case information from Certified EHR Technology to a cancer registry for the entire EHR reporting period
NEW	NEW	Capability to identify and report specific cases to a specialized registry (other than a cancer registry), except where prohibited, and in accordance with applicable law and practice	Successful ongoing submission of specific case information from Certified EHR Technology to a specialized registry for the entire EHR reporting period

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Use CPOE for medication orders directly entered by any licensed healthcare professional who can enter orders into the medical record per state, local and professional guidelines	More than 30% of unique patients with at least one medication in their medication list admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) have at least one medication order entered using CPOE	Use computerized provider order entry (CPOE) for medication, laboratory and radiology orders directly entered by any licensed healthcare professional who can enter orders into the medical record per state, local and professional guidelines	More than 60% of medication, 30% of laboratory, and 30% of radiology orders created by authorized providers of the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) during the EHR reporting period are recorded using CPOE
Implement drug-drug and drug-allergy interaction checks	The eligible hospital/CAH has enabled this functionality for the entire EHR reporting period	No longer a separate objective for Stage 2	This measure is incorporated into the Stage 2 Clinical Decision Support measure
Record demographics <ul style="list-style-type: none"> •Preferred language •Gender •Race •Ethnicity •Date of birth •Date and preliminary cause of death in the event of mortality in the eligible hospital or CAH 	More than 50% of all unique patients admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) have demographics recorded as structured data	Record the following demographics <ul style="list-style-type: none"> •Preferred language •Gender •Race •Ethnicity •Date of birth •Date and preliminary cause of death in the event of mortality in the eligible hospital or CAH 	More than 80% of all unique patients admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) have demographics recorded as structured data

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Maintain an up-to-date problem list of current and active diagnoses	More than 80% of all unique patients admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) have at least one entry or an indication that no problems are known for the patient recorded as structured data	No longer a separate objective for Stage 2	This measure is incorporated into the Stage 2 measure of Summary of Care Document at Transitions of Care and Referrals
Maintain active medication list	More than 80% of all unique patients admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) have at least one entry (or an indication that the patient is not currently prescribed any medication) recorded as structured data	No longer a separate objective for Stage 2	This measure is incorporated into the Stage 2 measure of Summary of Care Document at Transitions of Care and Referrals
Maintain active medication allergy list	More than 80% of all unique patients admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) have at least one entry (or an indication that the patient has no known medication allergies) recorded as structured data	No longer a separate objective for Stage 2	This measure is incorporated into the Stage 2 measure of Summary of Care Document at Transitions of Care and Referrals

9/11/2012

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Record and chart changes in vital signs: •Height •Weight •Blood pressure •Calculate and display BMI •Plot and display growth charts for children 2-20 years, including BMI	More than 50% of all unique patients age 2 and over admitted to eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23), blood pressure height and weight are recorded as structured data	Record and chart changes in vital signs: •Height •Weight •Blood pressure (age 3 and over) •Calculate and display BMI •Plot and display growth charts for patients 0-20 years, including BMI	More than 80% of all unique patients admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) have blood pressure (for patients age 3 and over only) and height and weight (for all ages) recorded as structured data
Record smoking status for patients 13 years old or older	More than 50% of all unique patients 13 years old or older admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) have smoking status recorded as structured data	Record smoking status for patients 13 years old or older	More than 80% of all unique patients 13 years old or older admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) have smoking status recorded as structured data

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Implement one clinical decision support rule relevant to specialty or high clinical priority along with the ability to track compliance that rule	Implement one clinical decision support rule	Use clinical decision support to improve performance on high-priority health conditions	1. Implement 5 clinical decision support interventions related to 4 or more clinical quality measures, if applicable, at a relevant point in patient care for the entire EHR reporting period. 2. The eligible hospital or CAH has enabled the functionality for drug-drug and drug-allergy interaction checks for the entire EHR reporting period
Report clinical quality measures (CQMs) to CMS or the States	For 2011, provide aggregate numerator, denominator, and exclusions through attestation or electronically through the Hospital Reporting Pilot	No longer a separate objective for Stage 2, but providers must still submit CQMs to CMS or the States in order to achieve meaningful use	Starting in 2014, all CQMs will be submitted electronically to CMS.

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Provide patients with an electronic copy of their health information (including diagnostic test results, problem list, medication lists, medication allergies), upon request	More than 50% of all patients of the inpatient or emergency departments of the eligible hospital or CAH (POS 21 or 23) who request an electronic copy of their health information are provided it within 3 business days	Provide patients the ability to view online, download and transmit their health information within 36 hours after discharge from the hospital	<p>i. More than 50% of all unique patients discharged from the inpatient or emergency departments of the eligible hospital or CAH (POS 21 or 23) during the EHR reporting period are provided timely (available to the patient within 36 hours after discharge from the hospital.) online access to their health information</p> <p>ii. More than 5% of all unique patients discharged from the inpatient or emergency departments of the eligible hospital or CAH (POS 21 or 23) during the EHR reporting period (or their authorized representatives) view, download, or transmit to a third party their health information</p>

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Provide patients with an electronic copy of their discharge instructions at time of discharge, upon request	More than 50% of all patients who are discharged from an eligible hospital or CAH's inpatient department or emergency department (POS 21 or 23) and who request an electronic copy of their discharge instructions are provided it	This objective is eliminated from Stage 1 in 2014 and is no longer a separate objective for Stage 2	This measure has been incorporated into the View, Download, and Transmit objective for Stage 2
Capability to exchange key clinical information (for example, problem list, medication list, medication allergies, diagnostic test results), among providers of care and patient authorized entities electronically	Performed at least one test of certified EHR technology's capacity to electronically exchange key clinical information	This objective is eliminated from Stage 1 in 2013 and is no longer an objective for Stage 2	This measure is eliminated from Stage 1 in 2013 and is no longer a measure for Stage 2

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Protect electronic health information created or maintained by the certified EHR technology through the implementation of appropriate technical capabilities	Conduct or review a security risk analysis per 45 CFR 164.308 (a)(1) and implement security updates as necessary and correct identified security deficiencies as part of its risk management process	Protect electronic health information created or maintained by the Certified EHR Technology through the implementation of appropriate technical capabilities	Conduct or review a security risk analysis in accordance with the requirements under 45 CFR 164.308 (a)(1), including addressing the encryption/security of data at rest and implement security updates as necessary and correct identified security deficiencies as part of its risk management process
Implement drug-formulary checks	The eligible hospital/CAH has enabled this functionality and has access to at least one internal or external drug formulary for the entire EHR reporting period	No longer a separate objective for Stage 2	This measure is incorporated into the e-Prescribing measure for Stage 2

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Incorporate clinical lab-test results into certified EHR technology as structured data	More than 40% of all clinical lab tests results ordered by an authorized provider of the eligible hospital or CAH for patients admitted to its inpatient or emergency department (POS 21 or 23) during the EHR reporting period whose results are either in a positive/negative or numerical format are incorporated in certified EHR technology as structured data	Incorporate clinical lab-test results into Certified EHR Technology as structured data	More than 55% of all clinical lab tests results ordered by authorized providers of the eligible hospital or CAH for patients admitted to its inpatient or emergency department (POS 21 or 23) during the EHR reporting period whose results are either in a positive/negative or numerical format are incorporated in Certified EHR Technology as structured data
Generate lists of patients by specific conditions to use for quality improvement, reduction of disparities, research or outreach	Generate at least one report listing patients of the eligible hospital or CAH with a specific condition	Generate lists of patients by specific conditions to use for quality improvement, reduction of disparities, research, or outreach	Generate at least one report listing patients of the eligible hospital or CAH with a specific condition
Use certified EHR technology to identify patient-specific education resources and provide those resources to the patient if appropriate	More than 10% of all unique patients admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) are provided patient-specific education resources	Use certified EHR technology to identify patient-specific education resources and provide those resources to the patient if appropriate	More than 10% of all unique patients admitted to the eligible hospital's or CAH's inpatient and emergency departments (POS 21 and 23) are provided patient-specific education resources identified by Certified EHR Technology

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
The eligible hospital or CAH that receives a patient from another setting of care or provider of care or believes an encounter is relevant should perform medication reconciliation	The eligible hospital or CAH performs medication reconciliation for more than 50% of transitions of care in which the patient is admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23)	The eligible hospital or CAH that receives a patient from another setting of care or provider of care or believes an encounter is relevant should perform medication reconciliation	The eligible hospital or CAH performs medication reconciliation for more than 50% of transitions of care in which the patient is admitted to the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23)

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
The eligible hospital or CAH that transitions their patient to another setting of care or provider of care or refers their patient to another provider of care should provide summary of care record for each transition of care or referral	The eligible hospital or CAH that transitions or refers their patient to another setting of care or provider of care provides a summary of care record for more than 50% of transitions of care and referrals	The eligible hospital or CAH that transitions their patient to another setting of care or provider of care or refers their patient to another provider of care should provide summary of care record for each transition of care or referral	<p>1. The eligible hospital, or CAH that transitions or refers their patient to another setting of care or provider of care provides a summary of care record for more than 50% of transitions of care and referrals</p> <p>2. The eligible hospital or CAH that transitions or refers their patient to another setting of care or provider of care provides a summary of care record either a) electronically transmitted to a recipient using CEHRT or b) where the recipient receives the summary of care record via exchange facilitated by an organization that is a NwHIN Exchange participant or is validated through an ONC-established governance mechanism to facilitate exchange for 10% of transitions and referrals</p>

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Capability to submit electronic data to immunization registries or Immunization Information Systems and actual submission except where prohibited and in accordance with applicable law and practice	Performed at least one test of certified EHR technology's capacity to submit electronic data to immunization registries and follow up submission if the test is successful (unless none of the immunization registries to which the eligible hospital or CAH submits such information have the capacity to receive the information electronically)	Capability to submit electronic data to immunization registries or Immunization Information Systems and actual submission except where prohibited and in accordance with applicable law and practice	Successful ongoing submission of electronic immunization data from Certified EHR Technology to an immunization registry or immunization information system for the entire EHR reporting period
Capability to submit electronic data on reportable (as required by state or local law) lab results to public health agencies and actual submission except where prohibited and in accordance with applicable law and practice	Performed at least one test of certified EHR technology's capacity to provide electronic submission of reportable lab results to public health agencies and follow-up submission if the test is successful (unless none of the public health agencies to which eligible hospital or CAH submits such information have the capacity to receive the information electronically)	Capability to submit electronic data on reportable (as required by state or local law) lab results to public health agencies and actual submission except where prohibited and in accordance with applicable law and practice	Successful ongoing submission of electronic reportable laboratory results from Certified EHR Technology to public health agencies for the entire EHR reporting period as authorized, and in accordance with applicable State law and practice

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

CORE OBJECTIVES (16 total)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Capability to submit electronic syndromic surveillance data to public health agencies and actual submission except where prohibited and in accordance with applicable law and practice	Performed at least one test of certified EHR technology's capacity to provide electronic syndromic surveillance data to public health agencies and follow-up submission if the test is successful (unless none of the public health agencies to which an eligible hospital or CAH submits such information have the capacity to receive the information electronically)	Capability to submit electronic syndromic surveillance data to public health agencies and actual submission except where prohibited and in accordance with applicable law and practice	Successful ongoing submission of electronic syndromic surveillance data from Certified EHR Technology to a public health agency for the entire EHR reporting period
NEW	NEW	Automatically track medications from order to administration using assistive technologies in conjunction with an electronic medication administration record (eMAR)	More than 10% of medication orders created by authorized providers of the eligible hospital's or CAH's inpatient or emergency department (POS 21 or 23) during the EHR reporting period for which all doses are tracked are tracked using eMAR

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
Record advance directives for patients 65 years old or older	More than 50% of all unique patients 65 years old or older admitted to the eligible hospital's or CAH's inpatient department (POS 21) have an indication of an advance directive status recorded	Record whether a patient 65 years old or older has an advance directive	More than 50% of all unique patients 65 years old or older admitted to the eligible hospital's or CAH's inpatient department (POS 21) during the EHR reporting period have an indication of an advance directive status recorded as structured data
NEW	NEW	Record electronic notes in patient records	Enter at least one electronic progress note created, edited and signed by an EP for more than 30% of unique patients admitted to the eligible hospital or CAH's inpatient or emergency department during the EHR reporting period

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

MENU OBJECTIVES

(EHs/CAHs must report 3 of 6 menu objectives)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
NEW	NEW	Imaging results consisting of the image itself and any explanation or other accompanying information are accessible through CEHRT.	More than 10% of all scans and tests whose result is an image ordered by an authorized provider of the eligible hospital or CAH for patients admitted to its inpatient or emergency department (POS 21 and 23) during the EHR reporting period are incorporated into or accessible through Certified EHR Technology
NEW	NEW	Record patient family health history as structured data	More than 20% of all unique patients admitted to the eligible hospital or CAH's inpatient or emergency department (POS 21 or 23) during the EHR reporting period have a structured data entry for one or more first-degree relatives or an indication that family health history has been reviewed

Stage 1 vs. Stage 2 Comparison Table for Eligible Hospitals & CAHs (cont.)

MENU OBJECTIVES

(EHs/CAHs must report 3 of 6 menu objectives)

Stage 1 Objective	Stage 1 Measure	Stage 2 Objective	Stage 2 Measure
NEW	NEW	Generate and transmit permissible discharge prescriptions electronically (eRx)	More than 10% of hospital discharge medication orders for permissible prescriptions (for new or changed prescriptions) are compared to at least one drug formulary and transmitted electronically using Certified EHR Technology
NEW	NEW	Provide structured electronic lab results to ambulatory providers	Hospital labs send structured electronic clinical lab results to the ordering provider for more than 20% of electronic lab orders received

CQM Changes

- Medicare EHR Incentive Program
 - Beginning in 2014, the reporting of clinical quality measures (CQMs) will change for all providers. EHR technology that has been certified to the 2014 standards and capabilities will contain new CQM criteria, and eligible professionals (EPs), eligible hospitals, and critical access hospitals (CAHs) will report using the new 2014 criteria regardless of whether they are participating in Stage 1 or Stage 2 of the Medicare and Medicaid Electronic Health Record (EHR) Incentive Programs. Although clinical quality measure (CQM) reporting has been removed as a core objective for both EPs and eligible hospitals and CAHs, all providers are required to report on CQMs in order to demonstrate meaningful use.
 - 2013, Eligible Professionals (EPs), will continue to report from the 44 measures finalized for Stage 1 in the same schema laid out for Stage 1
 - 3 core/alternate core & 3 additional measures for EPs
 - Eligible hospitals and CAHs will continue to report the 15 measures finalized for Stage 1
 - Beginning in 2012 and continuing in 2013, there are two reporting methods available for reporting the Stage 1 measures:
 - Attestation (<https://ehrincentives.cms.gov/>)
 - eReporting Pilots:
 - Physician Quality Reporting System EHR Incentive Program Pilot for EPs
 - eReporting Pilot for eligible hospitals and CAHs

CQM Changes (cont.)

- Medicare EHR Incentive Program
 - 2014 and beyond
 - EPs must report on 9 of the 64 approved CQMs
 - Recommended core CQMs – encouraged but not required
 - 9 CQMs for the adult population
 - 9 CQMs for the pediatric population
 - NQF 0018 strongly encouraged since controlling blood pressure is high priority goal in many national health initiatives, including the Million Hearts campaign
 - Selected CQMs must cover at least 3 of the National Quality Strategy domains (See “Measure Selection Process” below.)
 - Eligible Hospitals and CAHs must report on 16 of the 29 approved CQMs
 - Selected CQMs must cover at least 3 of the National Quality Strategy domains (See “Measure Selection Process” below.)
 - Beginning in 2014, all Medicare-eligible providers beyond their first year of demonstrating meaningful use must electronically report their CQM data to CMS. (Medicaid EPs and hospitals that are eligible only for the Medicaid EHR Incentive Program will electronically report their CQM data to their state.)

CQM Changes (cont.)

- Medicare EHR Incentive Program
 - Reporting and submission periods for EPs, Eligible Hospitals, and CAHs in their first year of Meaningful Use submitting CQMs via attestation beginning with CY/FY 2014

Provider Type	Reporting Period for First Year of Meaningful Use (Stage 1)	Submission Period for First Year of Meaningful Use (Stage 1)*
EP	90 consecutive days	Anytime immediately following the end of the 90-day reporting period, but no later than February 28 of the following calendar year.
Eligible Hospital/CAH	90 consecutive days	Anytime immediately following the end of the 90-day reporting period, but no later than November 30 of the following fiscal year.

**For purposes of avoiding a payment adjustment, Medicare EPs and eligible hospitals that are in their first year of demonstrating meaningful use in the year immediately preceding a payment adjustment year must submit their CQM data no later than October 1 (EPs) or July 1 (eligible hospitals) of such preceding year.*

CQM Changes (cont.)

- Medicare EHR Incentive Program
 - Reporting and submission periods for EPs, Eligible Hospitals, and CAHs beyond their first year of Meaningful Use submitting CQMs electronically beginning with CY/FY 2014

Provider Type	Optional Reporting Period in 2014*	Reporting Period for Subsequent Years of Meaningful Use (Stage 1 and Subsequent Stages)	Submission Period for Subsequent Years of Meaningful Use (Stage 1 and Subsequent Stages)
EP	Calendar year quarter: January 1 – March 31 April 1 – June 30 July 1 – September 30 October 1 – December 31	1 calendar year (January 1 - December 31)	2 months following the end of the reporting period (January 1 - February 28)
Eligible Hospital/CAH	Fiscal year quarter: October 1 – December 31 January 1 – March 31 April 1 – June 30 July 1 – September 30	1 fiscal year (October 1 - September 30)	2 months following the end of the reporting period (October 1 - November 30)

**NOTE: The optional quarter reporting periods have the same submission period as a full year reporting period for electronic submission.*

CQM Changes (cont.)

- Medicare EHR Incentive Program
- Reporting Options for EPs

Category	Data Level	Payer Level	Submission Type	Reporting Schema
EPs in First Year of Demonstrating Meaningful Use*	Aggregate	All payer	Attestation	Submit 9 CQMs (includes adult and pediatric recommended core CQMs), covering at least 3 NQS domains
EPs Beyond the First Year of Demonstrating Meaningful Use				
Option 1	Aggregate	All payer	Electronic	Submit 9 CQMs (includes adult and pediatric recommended core CQMs), covering at least 3 NQS domains
Option 2	Patient	Medicare Only	Electronic	Satisfy requirements of PQRS group reporting options using CEHRT
Group Reporting (only EPs Beyond the First Year of Demonstrating Meaningful Use)**				
EPs in an ACO (Medicare Shared Savings Program or Pioneer ACOs)	Patient	Medicare Only	Electronic	Satisfy requirements of Medicare Shared Savings Program of Pioneer ACOs using CEHRT
EPs satisfactorily reporting via PQRS group reporting options	Patient	Medicare Only	Electronic	Satisfy requirements of PQRS group reporting options using CEHRT

*Attestation is required for EPs in their first year of demonstrating meaningful use because it is the only reporting method that would allow them to meet the submission deadline of October 1 to avoid a payment adjustment.

**Groups with EPs in their first year of demonstrating meaningful use can report as a group, however individual EPs who are in their first year must attest to their CQM results by October 1 to avoid a payment adjustment.

CQM Changes (cont.)

- Medicare EHR Incentive Program
 - Reporting Options for Eligible Hospitals and Critical Access Hospitals

Category	Data Level	Payer Level	Submission Type	Reporting Schema
Eligible Hospitals in First Year of Demonstrating Meaningful Use*	Aggregate	All payer	Attestation	Submit 16 CQMs, covering at least 3 NQS domains
Eligible Hospitals/CAHs Beyond the First Year of Demonstrating Meaningful Use				
Option 1	Aggregate	All payer	Electronic	Submit 16 CQMs, covering at least 3 NQS domains
Option 2	Patient	Sample - all payer	Electronic	Submit 16 CQMs, covering at least 3 NQS domains ➤ Manner similar to the 2012 Medicare EHR Incentive Program Electronic Reporting Pilot

**Attestation is required for eligible hospitals in their first year of demonstrating meaningful use because it is the only reporting method that would allow them to meet the submission deadline of July 1 to avoid a payment adjustment.*

CQM Changes (cont.)

- Medicaid EHR Incentive Program
 - 2013 and Beyond
 - EPs, eligible hospitals, and CAHs participating only in a Medicaid EHR Incentive Program will submit their CQM data directly to their State.
 - Each State is responsible for sharing the details on the process for electronic reporting with its provider community.
 - Subject to CMS's prior approval, the process and the timeline are within the States' purview.

Stage 2 Timeline

- The Stage 2 rule delays the onset of Stage 2 criteria. Any provider that attests to Stage 1 of meaningful use in 2011 or 2012 will attest to Stage 2 in 2014 instead of 2013. Therefore providers will not be required to demonstrate Stage 2 of meaningful use before 2014.
- For 2014 only
 - All providers regardless of their stage of meaningful use are only required to demonstrate meaningful use for a three-month EHR reporting period.
 - For Medicare providers, this 3-month reporting period is fixed to the quarter of either the fiscal (for eligible hospitals and CAHs) or calendar (for EPs) year in order to align with existing CMS quality measurement programs, such as the Physician Quality Reporting System (PQRS) and Hospital Inpatient Quality Reporting (IQR).
 - For Medicaid providers only eligible to receive Medicaid EHR incentives, the 3-month reporting period is not fixed, where providers do not have the same alignment needs.
- CMS is permitting this one-time three-month reporting period in 2014 only so that all providers who must upgrade to 2014 Certified EHR Technology will have adequate time to implement their new Certified EHR systems.

Stage 2 Timeline

1st Year	Stage of Meaningful Use										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
2011	1	1	1	2	2	3	3	TBD	TBD	TBD	TBD
2012		1	1	2	2	3	3	TBD	TBD	TBD	TBD
2013			1	1	2	2	3	3	TBD	TBD	TBD
2014				1	1	2	2	3	3	TBD	TBD
2015					1	1	2	2	3	3	TBD
2016						1	1	2	2	3	3
2017							1	1	2	2	3

CMS MU Audit

- Providers Begin Receiving Meaningful Use Audit Letters - Aug. 7, 2012
- The Centers for Medicare & Medicaid Services (CMS) has begun to audit providers who have received payments under the Medicare and Medicaid Electronic Health Record (EHR) Incentive Programs. The audit letters, which will come from accounting firm Figliozi and Company, request four categories of information from participants:
 - a copy of the provider's certification from the Office of the National Coordinator for Health Information Technology to show that the provider has a certified EHR system
 - documentation to support the method used to report emergency department admissions, which affects some of the required measures
 - documentation to support completion of the attestation module responses regarding the core set of objectives and measures
 - documentation to support completion of the attestation module responses regarding the menu set of objectives and measures
- The organizations selected for an audit have 2 weeks to comply with the high-level records requests; there will be no site visits.

CMS MU Audit (cont.)

- CCHHS should retain ALL relevant supporting documentation (in either paper or electronic format used in the completion of the Attestation Module responses). Documentation to support the attestation should be retained for six years post-attestation. Documentation to support payment calculations (such as cost report data) should continue to follow the current documentation retention processes.
- CMS recommends that CCHHS hospitals print out or save an electronic copy of the CQM report used at attestation from the certified EHR so that the hospital can show its numbers in the event of an audit. These documentation will be used to validate that CCHHS accurately attested and submitted CQMs, as well as to verify that the incentive payment was accurate.
- CMS and its contractors, will perform audits on Medicare and dually-eligible (Medicare and Medicaid) providers.
- States and their contractors, will perform audits on Medicaid providers.
- If, based on an audit, a provider is found to not be eligible for an EHR incentive payment, the entire payment will be recouped.
- CMS and states will also manage appeals processes.

IA Recommendation

- Make sure CCHHS make and keep hard copies or digital copies in PDF format of any reports CCHHS relied on to document meaningful use. IA suggests using CCHHS's MS SharePoint as the repository.
- Document the reasons for claiming an exemption from any meaningful use measures that do not apply to CCHHS.
- If CCHHS rely on the FAQs interpreting meaningful use questions on the CMS website, keep a dated copy of the FAQ content with CCHHS other meaningful use documentation. CMS is not rigorously maintaining time and date stamps on these FAQs, and the content may change over time. During an audit, the contents of a FAQ an auditor is relying on may now be different than the content you relied on when making your attestation.
- Make sure that CCHHS address the requirement for a HIPAA Security Risk Assessment per 45 CFR 164.308 (a)(1); save and retain the documentation to support the assessment. A security update would be required if any security deficiencies were identified and correct identified security deficiencies as part of its risk management process.
- Failure in an audit of meaningful use attestation may result in a recoupment of the entire incentive payments.

IA Audit Plan

- Perform an internal Meaningful Use Audit prior to CCHHS attestation date.

Cook County Health and Hospitals System (CCHHS)

Internal Audit Charter

January 17, 2012

Mission

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit will align its activities with the mission and strategy of CCHHS. Internal Audit will promote good controls and serve as an educational resource to its stakeholders with respect to risk management, control and governance processes. Internal Audit will maintain a collaborative approach to its work practices and will ensure its work product provides value added outputs for its stakeholders.

Role

- Internal Audit's role is determined by the CCHHS Board of Directors through its Audit and Compliance Committee.
- Responsibilities are defined by the CCHHS Board of Directors through its Audit and Compliance Committee.

Professional Standards

- Internal Audit will govern themselves by adherence to the Institute of Internal Audit's "Code of Ethics". <http://www.theiia.org/guidance/standards-and-guidance/ippf/code-of-ethics/english/>
- The Institute's "International Professional Practice Framework" shall constitute the operating procedures for the department. These documents are considered an addendum to this Charter. <http://www.theiia.org/guidance/standards-and-guidance/ippf/standards/>
- Internal Audit will adhere to all CCHHS policies and procedures and all Internal Audit procedure manuals.

Authority

Internal Audit is authorized to:

- Have unrestricted access to all functions, records, property and personnel.
- Have free, open, and timely access to the Chief Executive Officer and the CCHHS Board of Directors through its Audit and Compliance Committee.
- Allocate department resources, set frequencies, select subjects, determine scope of work and apply the techniques required to achieve audit objectives.
- Obtain the necessary assistance of personnel in the organization when performing audits, as well as other specialized services from within or outside the organization.

Independence

- All audit activities shall remain free of influence by any element in the organization, including matters of audit scope, procedures, frequency, timing, or report content, required to permit the independence required to render objective reports.
- Internal auditors shall have no operational responsibility or authority over any activities they review.
- Internal auditors shall not develop or install systems or procedures, prepare records or engage in any other activity that they would normally audit.

- Internal Audit reports functionally to the CCHHS Board of Directors through its Audit and Compliance Committee and administratively to the Chief Executive Officer.
- Internal Audit periodically reports to the CCHHS Board of Directors through its Audit and Compliance Committee and to CCHHS Senior Leadership as outlined in the section on Accountability.

Accountability

Internal Audit is accountable to the CCHHS Board of Directors through its Audit and Compliance Committee and to CCHHS Senior Leadership to:

- Report significant issues related to the process for controlling the activities of the organization, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of internal audit resources.
- Coordinate with and provide oversight of other control and monitoring functions.

Audit Scope

The scope of the work of Internal Audit is to determine whether the network of risk management, control and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are identified and managed.
- Interaction with various governance groups occurs as needed.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- Employee's actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans and objectives are achieved.
- Quality and continuous improvement are fostered in control processes.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.

Responsibility

- Develop an annual audit plan using risk-based methodology, including any risk or control concerns expressed by management, and submit the plan to the CCHHS Board of Directors through its Audit and Compliance Committee and to CCHHS Senior Leadership for approval.
- Implement the audit plan and any special requests by the CCHHS Board of Directors, its Audit and Compliance Committee, and CCHHS Senior Leadership and management.
- Maintain a professional audit staff capable of meeting the requirements of this Charter.
- Establish a quality assurance program whereby the director of internal audit assures the operations of internal audit.
- Perform consulting services in addition to assurance services. Consulting services are defined as "advisory and related client services activities, the nature and scope of which are agreed with the client and which are intended to add value and improve the organization's governance, risk management and control processes without the internal auditor assuming management responsibility." Examples include counsel, advice, facilitation, and training.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations and control processes, coincident with their development, implementation and/or expansion.

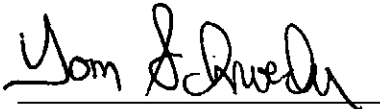
- Issue periodic reports to the CCHHS Board of Directors through its Audit and Compliance Committee and to CCHHS Senior Leadership summarizing results of internal audit activities.
- Inform the CCHHS Board of Directors through its Audit and Compliance Committee, and CCHHS Senior Leadership of emerging trends and successful practices in internal auditing.
- Provide the CCHHS Board of Directors through its Audit and Compliance Committee, and CCHHS Senior Leadership a list of internal audit measurement goals and results.
- Assist in the investigation of significant suspected fraudulent activities.
- Consider the scope of work of the external auditors and regulators for the purpose of providing optimal audit coverage at a reasonable cost.



Dr. Luis Munoz
Audit and Compliance Committee Chair



Dr. Ram Raju
Chief Executive Officer



Tom Schroeder
Director of Internal Audit

Cook County, Illinois
Report on Federal Awards
(In accordance with the Single Audit Act
Amendments of 1996, and OMB Circular A-133)
For the Fiscal Year Ended November 30, 2011



COOK COUNTY, ILLINOIS

SINGLE AUDIT REPORT

NOVEMBER 30, 2011

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WASHINGTON, PITTMAN & McKEEVER, LLC

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INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Commissioners of
Cook County, Illinois

We have audited the accompanying Schedule of Expenditures of Federal Awards (Schedule) of **Cook County, Illinois** (the County) for the year ended November 30, 2011. This financial statement is the responsibility of the County's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the County prepares the Schedule on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of Federal awards of the County for the year ended November 30, 2011 in conformity with the basis of accounting described in Note 2.

Washington, Pittman & McKeever, LLC

WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
May 31, 2012

COOK COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)

For the Year Ended November 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass-Through Grantor's Number	County Business Unit	Responsible County Department	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Pass-Through Programs From:					
Illinois State Board of Education					
Child Nutrition Cluster:					
School Breakfast Program					
Child Nutrition Program	10.553	15-016-472P-00	4400638	Juvenile Temporary Detention Center	\$ 193,222
National School Lunch Program					
Child Nutrition Program	10.555	15-016-472P-00	4400638	Juvenile Temporary Detention Center	358,347
Child Nutrition Program - Non cash Award	10.555	15-016-472P-00	N/A	Juvenile Temporary Detention Center	42,400
Total Child Nutrition Cluster					<u>593,969</u>
Illinois Department of Human Services					
Special Supplemental Nutrition Program for Women, Infants and Children					
IDHS Supplemental WIC	10.557	11GL129000	9460908	Stroger Hospital	(56,634)
IDHS Supplemental WIC	10.557	11GM129000	9461008	Stroger Hospital	512,300
IDHS Supplemental WIC	10.557	11GQ02044	9461108	Stroger Hospital	(286,441)
IDHS CM 0-5 Assurance	10.557	11GL131000	9740909	Public Health	3,515
IDHS Supplemental WIC	10.557	11GL131000	9740917	Public Health	(524,000)
IDHS Supplemental WIC	10.557	11GM131000	9741017	Public Health	3,843,587
IDHS Supplemental WIC	10.557	11GQ02043	9791101	Public Health	(1,104,543)
Supplemental Food WIC - Non-cash Award	10.557	N/A	N/A	Public Health	13,978,743
Total Special Supplemental Nutrition Program for Women, Infants and Children					<u>16,366,527</u>
Illinois Department of Public Health					
Summer Food Service Program for Children					
IDHS Food Inspections	10.559	95280799	9750912	Public Health	(33,043)
IDHS Food Inspections	10.559	15280106	9751002	Public Health	356
IDHS Food Inspections	10.559	15280106	9751102	Public Health	41
Total Summer Food Service Program					<u>(32,646)</u>
Total U.S. Department of Agriculture					<u>16,927,850</u>
U.S. DEPARTMENT OF COMMERCE					
Pass-Through Programs From:					
City of Chicago Office of Emergency Management and Communications					
Public Safety Interoperable Communications Grant Program					
PSIC Project - Non Cash Award	11.555	N/A	N/A	Sheriff	16,195,126
Total U.S. Department of Commerce					<u>16,195,126</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement Grants					
CDBG Demolition Program	14.218	N/A	7960001	State's Attorney	6,864
Community Development Block Grant	14.218	N/A	9428225	Department of Planning and Development	9,499,161
Community Development Block Grant	14.218	N/A	9428227	Department of Planning and Development	(946,831)
Neighborhood Stabilization Program I (NSP I)	14.218	N/A	7530901	Department of Planning and Development	3,947,713
Total Community Development Block Grants/Entitlement Grants					<u>12,506,909</u>
ARRA - Community Development Block Grants ARRA					
Entitlement Grants (CDBG-R)					
Community Development Block Grant	14.253	N/A	7500901	Department of Planning and Development	1,210,074
Total CDBG - Entitlement Grants Cluster					<u>13,716,983</u>
Emergency Shelter Grants Program					
Emergency Shelter	14.231	N/A	9418224	Department of Planning and Development	512,074
HOME Investment Partnerships Program					
HOME Investment Partnerships Program	14.239	N/A	7728202	Department of Planning and Development	1,920,246
ARRA - Homelessness Prevention and Rapid Re-Housing Program					
Homelessness Prevention and Rapid Re-Housing Program	14.257	N/A	7800901	Department of Planning and Development	2,002,137
Lead-Based Paint Hazard Control in Privately-Owned Housing					
Get the Lead Out	14.900	95380477	9780801	Public Health	28,800
Total U.S. Department of Housing and Urban Development					<u>18,180,240</u>
U.S. DEPARTMENT OF INTERIOR					
Direct Programs:					
U. S. Geological Survey Research and Data Collection					
Acquisition Digital Orthoimagery	15.808	N/A	7431001	Geographic Information System	200,000
Total U.S. Department of Interior					<u>200,000</u>
U.S. DEPARTMENT OF JUSTICE					
Direct Programs:					
Services for Trafficking Victims					
Human Trafficking Task Force	16.320	N/A	6251001	State's Attorney	163,692

See Accompanying Notes to Schedule of Expenditures of Federal Awards

COOK COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)

For the Year Ended November 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass-Through Grantor's Number	County Business Unit	Responsible County Department	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE (Continued)					
Direct Programs (Continued):					
Missing Children's Assistance					
Internet Crimes	16.543	N/A	6231001	State's Attorney	115,075
Internet Crimes	16.543	N/A	6360801	State's Attorney	245,374
Internet Crimes	16.543	N/A	6361101	State's Attorney	43,099
Total Missing Children's Assistance					<u>403,548</u>
ARRA - Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program					
Internet Crimes	16.580	N/A	6110901	State's Attorney	188,644
Mortgage Fraud Invt & Pros	16.580	N/A	9680901	State's Attorney	1,083,546
Total Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program					<u>1,272,190</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program					
D.V. Targeted Abuser Call	16.590	N/A	6130501	State's Attorney	435,505
State Criminal Alien Assistance Program					
State Criminal Alien Assistance Program	16.606	N/A	N/A	Chief Financial Officer/Sheriff	2,290,019
Public Safety Partnership and Community Policing Grants					
Community Oriented Policing Services(COPS)	16.710	N/A	7920801	Judicial Advisory Council	35,946
Community Oriented Policing Services(COPS)	16.710	N/A	7920901	Judicial Advisory Council	13,478
Total Public Safety Partnership and Community Policing Grants					<u>49,424</u>
Criminal and Juvenile Justice and Mental Health Collaboration Program					
Mental Health Collaboration	16.745	N/A	9860901	Sheriff	129,676
Congressionally Recommended Award					
Transitional Mental Health	16.753	N/A	6941001	Sheriff	84,375
Second Chance Act Prisoner Reentry Initiative					
Second Chance Reentry	16.812	N/A	6561001	Sheriff	74,923
Second Chance Reentry	16.812	N/A	6811001	Chief Judge	20,750
Total Second Chance Act Prisoner Reentry Initiative					<u>95,673</u>
Total Direct Programs					<u>4,924,102</u>
Pass-Through Programs From:					
Illinois Criminal Justice Information Authority					
Juvenile Accountability Block Grants					
Project Reclaim	16.523	507014	8330901	Judicial Advisory Council	84,765
Project Reclaim	16.523	507014	8330902	Judicial Advisory Council	26,494
Project Reclaim	16.523	508014	8331001	Judicial Advisory Council	390,769
Pre-Employment Program	16.523	508014	8331002	Judicial Advisory Council	61,669
Pre-Employment Program	16.523	506314	8350901	Chief Judge	12,900
Pre-Employment Program	16.523	507314	8351001	Chief Judge	17,070
Total Juvenile Accountability Block Grants					<u>593,667</u>
National Criminal History Improvement Program (NCHIP)					
Disposition Reporting	16.554	710001	7411101	Clerk of the Circuit Court	(17,920)
Crime Victim Assistance					
Ser. Cook County Victim	16.575	209161	6150901	State's Attorney	(63,174)
Ser. Cook County Victim	16.575	210161	6151001	State's Attorney	472,531
Homicide Advocacy Service	16.575	208166	6160801	State's Attorney	4,589
Prosecution Based Victim	16.575	209041	7621001	State's Attorney	(46,535)
Prosecution Based Victim	16.575	210041	7621101	State's Attorney	729,507
Total Crime Victim Assistance					<u>1,096,918</u>
Violence Against Women Formula Grants					
D.V. Targeted Abuser	16.588	N/A	6131101	State's Attorney	19,717
D.V. Sexual Assault	16.588	609917	6921001	Sheriff	90,736
Domestic Violence Prosecution Coord.	16.588	608110	7561001	State's Attorney	69,895
Domestic Violence Prosecution Coord.	16.588	609010	7561101	State's Attorney	579,361
Recovery Justice Assistance	16.588	609901	8241001	Chief Judge	244,653
					<u>1,004,362</u>
ARRA - Violence Against Women Formula Grants					
VAWA ARRA Spec Per Domestic Violence	16.588	609904	9661001	State's Attorney	191,290
VAWA ARRA Spec Per Sexual Assault	16.588	609905	9731001	State's Attorney	247,429
					<u>438,719</u>
Total Violence Against Women Formula Grants					<u>1,443,081</u>
JAG Program Cluster:					
Edward Byrne Memorial Justice Assistance Grant Program					
DNA Training/Prosecution	16.738	408129	6480901	State's Attorney	221
DNA Training/Prosecution	16.738	408929	6481001	State's Attorney	227,305
DNA Training/Prosecution	16.738	408229	6481101	State's Attorney	45,104

See Accompanying Notes to Schedule of Expenditures of Federal Awards

COOK COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
For the Year Ended November 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass-Through Grantor's Number	County Business Unit	Responsible County Department	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE (Continued)					
Pass-Through Programs From (Continued):					
<i>City of Chicago</i>					
JAG Program Cluster (Continued)					
Edward Byrne Memorial Justice Assistance Grant Program (Continued):					
Services Female Offenders	16.738	409111	8231001	Adult Probation	164,162
Female DUI Offenders	16.738	406210	8250901	Chief Judge	4,348
Female DUI Offenders	16.738	407110	8251001	Chief Judge	30,920
Complex Drug Prosecution	16.738	409089	8300901	State's Attorney	(62,444)
Complex Drug Prosecution	16.738	409089	8301001	State's Attorney	677,865
Complex Drug Prosecution	16.738	409189	8301101	State's Attorney	183,607
Justice Assistance Grant	16.738	2007-F2722-IL-DJ	7670601	Judicial Advisory Council	4,554
Justice Assistance Grant	16.738	2007-F2722-IL-DJ	7670801	Judicial Advisory Council	191,911
Justice Assistance Grant	16.738	2007-F2722-IL-DJ	7670901	Judicial Advisory Council	201,036
Justice Assistance Grant	16.738	2007-F2722-IL-DJ	7670902	Judicial Advisory Council	121,768
Justice Assistance Grant	16.738	2007-F2722-IL-DJ	7670903	Judicial Advisory Council	57,562
Justice Assistance Grant	16.738	2007-F2722-IL-DJ	7940901	Judicial Advisory Council	1,135,703
Justice Assistance Grant	16.738	2007-F2722-IL-DJ	7940902	Judicial Advisory Council	266,471
Justice Assistance Grant	16.738	2007-F2722-IL-DJ	7940903	Judicial Advisory Council	80,148
Total Edward Byrne Memorial Justice Assistance Grant Program					<u>3,330,241</u>
<i>Illinois Criminal Justice Information Authority</i>					
Edward Byrne Memorial Justice Assistance Grant (JAG)					
Program/Grants to States and Territories					
Coordinated Reentry Serv.	16.803	809045	6541001	Sheriff	312,254
Multi-Jurisdictional Drug	16.803	809189	8291001	State's Attorney	335,872
					<u>648,126</u>
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG)					
Program/Grants to States and Territories					
Community Justice Center	16.803	809035	6121001	State's Attorney	231,874
Ford Heights Crime	16.803	809016	6981001	Sheriff	4,648
Specialty Courts Program	16.803	809031	7541001	Chief Judge	288,212
Cold Case Homicide Unit	16.803	809034	7951001	State's Attorney	536,546
Domestic Violence Div. Ser.	16.803	809032	8381001	Chief Judge	214,272
Total Edward Byrne Memorial Justice Assistance Grant(JAG) Program/Grants to States and Territories					<u>1,923,678</u>
Total JAG Program Cluster					<u>5,253,919</u>
<i>University of Illinois</i>					
Project Safe Neighborhoods					
Comprehensive Anti Gang	16.609	2008-PG-BX-0007	6171001	State's Attorney	94,050
Project Safe Neighborhood	16.609	2008-GP-CX-4020	6530901	State's Attorney	(5,059)
Project Safe Neighborhood	16.609	2009-GP-CX-0034	6531001	State's Attorney	(5,119)
Project Safe Neighborhood	16.609	2010-GP-CX-0024	6531002	State's Attorney	114,523
Total Project Safe Neighborhoods					<u>198,395</u>
Total Pass-Through Programs					<u>8,568,060</u>
Total U.S. Department of Justice					<u><u>13,492,162</u></u>
U.S. DEPARTMENT OF LABOR					
Pass-Through Programs From:					
<i>Illinois Department of Commerce and Economic Opportunity</i>					
Workforce Investment Act Cluster:					
WIA Adult Program					
WIA Title I Incentive	17.258	08-672007	8400901	Cook County Works	264,882
WIA Title I Incentive	17.258	08-672007	8401001	Cook County Works	198,151
WIA Title I Adult	17.258	09-681007	9010903	Cook County Works	536,719
WIA Title I Adult	17.258	10-681007	9011003	Cook County Works	1,795,397
					<u>2,795,149</u>
ARRA - WIA Adult Program					
ARRA Adult	17.258	10-761007	9070902	Cook County Works	2,237,470
Total WIA Adult Program					<u>5,032,619</u>
WIA Youth Activities					
WIA Title I School Youth	17.259	09-681007	9010901	Cook County Works	893,073
WIA Title I No School Yth	17.259	09-681007	9010902	Cook County Works	(832,764)
WIA Title I School Youth	17.259	10-681007	9011001	Cook County Works	1,471,608
WIA Title I No School Yth	17.259	10-681007	9011002	Cook County Works	274,852
					<u>1,806,769</u>
ARRA - WIA Youth Activities					
WIA ARRA Formula Youth	17.259	08-762007	9100901	Cook County Works	608,102
Total WIA Youth Activities					<u>2,414,871</u>
WIA Dislocated Workers					
WIA Adult Dislocated Workers	17.260	09-681007	9010904	Cook County Works	601,250
Administrative Cost Pool	17.260	N/A	9180901	Cook County Works	(661,429)
Administrative Cost Pool	17.260	N/A	9181001	Cook County Works	2,463,054
Administrative Cost Pool	17.260	11-681007	9181101	Cook County Works	438,345
					<u>2,841,220</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

COOK COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
For the Year Ended November 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass-Through Grantor's Number	County Business Unit	Responsible County Department	Federal Expenditures
U.S. DEPARTMENT OF LABOR (Continued)					
Pass-Through Programs From (Continued):					
<i>Illinois Department of Commerce and Economic Opportunity (Continued)</i>					
Workforce Investment Act Cluster (Continued):					
ARRA - WIA Dislocated Workers					
WIA ARRA Adult Dislocated Workers	17.260	08-761007	9070901	Cook County Works	(2,499,359)
WIA ARRA Adult Dislocated Workers	17.260	10-761007	9070903	Cook County Works	7,870,615
Total WIA Dislocated Workers					<u>8,212,476</u>
WIA Dislocated Worker Formula Grants					
WIA Title I Dislocated	17.278	10-681007	9011004	Cook County Works	2,554,011
WIA Title I Dislocated	17.278	11-681007	9011104	Cook County Works	(5,845)
Total WIA Dislocated Worker Formula Grants					<u>2,548,166</u>
Total Workforce Investment Act Cluster					<u>18,208,132</u>
Total U.S. Department of Labor					<u>18,208,132</u>
U.S. DEPARTMENT OF TRANSPORTATION					
Pass-Through Programs From:					
<i>Illinois Department of Transportation</i>					
Highway Planning and Construction Cluster:					
Highway Planning and Construction					
Narragansett	20.205	M-HPP-0318(106)	N/A	Highway	2,419,784
Total Highway Planning and Construction Cluster					<u>2,419,784</u>
Highway Safety Cluster:					
State and Community Highway Safety					
Holiday Mobilization	20.600	OPI-0016-230	6441001	Sheriff	20,684
Alcohol Impaired Driving Countermeasures Incentive Grants I					
Local Alcohol Program	20.601	ALI-0016-231	6901001	Sheriff	26,776
Occupant Protection Incentive Grants					
Speed Enforcement	20.602	N/A	6450801	Sheriff	70,037
Total Highway Safety Cluster					<u>117,497</u>
Total U.S. Department of Transportation					<u>2,537,281</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Direct Programs:					
Air Pollution Control Program Support					
Air Pollution	66.001	N/A	9090901	Environmental Control	517,077
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act					
Air Pollution Particulate Monitoring	66.034	N/A	7481001	Environmental Control	175,367
Air Pollution Particulate Monitoring	66.034	N/A	7481101	Environmental Control	68,995
Clean Diesel Initiative	66.034	N/A	7490901	Environmental Control	29,900
Total Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act					<u>274,262</u>
Total Direct Programs					<u>791,339</u>
Pass-Through Programs From:					
<i>Illinois Department of Public Health</i>					
Performance Partnership Grants					
Potable Water Supply	66.605	05380376	9950901	Public Health	9,014
Potable Water Supply	66.605	15380081	9951001	Public Health	1,625
Total Pass-Through Programs					<u>10,639</u>
Total U.S. Environmental Protection Agency					<u>801,978</u>
U.S. DEPARTMENT OF ENERGY					
Direct Programs:					
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)					
Energy Efficiency Retrofit	81.128	N/A	9371001	Environmental Control	11,707
Energy Efficiency Retrofit	81.128	N/A	9371002	Environmental Control	1,899,073
Energy Efficiency Retrofit	81.128	N/A	9371003	Environmental Control	121,937
Energy Efficiency NSP	81.128	N/A	9371004	Environmental Control	412,500
Energy Efficient Local Government	81.128	N/A	9371005	Environmental Control	461,805
Energy Efficient Chicago Ridge Solar	81.128	N/A	9371006	Environmental Control	49,800
EE Industrial Bldg & Energy	81.128	N/A	9371008	Environmental Control	195,502
EE CC Deconstruction	81.128	N/A	9371009	Environmental Control	324,176
EE & MC Strategy	81.128	N/A	9371010	Environmental Control	158,321
EE Transportation Incentive	81.128	N/A	9371011	Environmental Control	21,790
EE CC Energy Audits	81.128	N/A	9371012	Environmental Control	206,463
EE CC Electronic Collection	81.128	N/A	9371014	Environmental Control	27,449
Energy Efficient Cook County Composting	81.128	N/A	9371015	Environmental Control	80,755
Energy Highway LED Retrofit	81.128	N/A	9371016	Environmental Control	121,672
EECBG Personnel & Equipment	81.128	N/A	9371017	Environmental Control	148,726
Total U.S. Department of Energy					<u>4,241,676</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

COOK COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
For the Year Ended November 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass-Through Grantor's Number	County Business Unit	Responsible County Department	Federal Expenditures
<u>NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</u>					
Direct Programs:					
National Historical Publications and Records Grants					
Declaration of Intention	89.003	N/A	8320901	Clerk of the Circuit Court	44,536
Total National Archives and Records Administration					<u>44,536</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Direct Programs:					
Substance Abuse and Mental Health Services, Projects of Regional and National Significance					
Adult Treatment Drug Courts	93.243	N/A	8600901	Adult Probation	19,486
Adult Treatment Drug Courts	93.243	N/A	8601001	Adult Probation	202,069
Total Substance Abuse and Mental Health Services, Projects of Regional and National Significance					<u>221,555</u>
Coal Miners Respiratory Impairment Treatment Clinics and Services					
Black Lung	93.965	N/A	9310901	Stroger Hospital	27,892
Black Lung	93.965	N/A	9311001	Stroger Hospital	296,013
Black Lung	93.965	N/A	9311101	Stroger Hospital	(43,821)
Total Coal Miners Respiratory Impairment Treatment Clinics and Services					<u>280,084</u>
Total Direct Programs					<u>501,639</u>
Pass-Through Programs From:					
Great Lakes Homophilia Foundation					
Maternal and Child Health Federal Consolidated Programs					
Homophilia	93.110	5H30MC00032-16	8470502	Stroger Hospital	72,636
Illinois Department of Public Health					
Centers for Disease Control and Prevention, Investigations and Technical Assistance					
PH Breast and Cervical Cancer	93.283	66180005	9970501	Public Health	(692)
Breast and Cervical Cancer	93.283	96180079	9970801	Public Health	751
Breast and Cervical Cancer	93.283	06180008	9970901	Public Health	236,447
Breast and Cervical Cancer	93.283	16180007	9971001	Public Health	99,773
Breast and Cervical Cancer	93.283	26180007	9971101	Public Health	4,356
Total Centers for Disease Control and Prevention, Investigations and Technical Assistance					<u>340,635</u>
Illinois Department of Healthcare and Family Services					
Child Support Enforcement					
Expedited Child Support	93.563	2008-55-028-K3	7780901	Chief Judge	(148,095)
Expedited Child Support	93.563	2009-55-024-K3a	7781001	Chief Judge	908,627
Expedited Child Support	93.563	2011-55-028-K3	7781101	Chief Judge	377,386
Child Support Enforcement	93.563	2008-55-026-K3	7790901	Clerk of the Circuit Court	32,536
Child Support Enforcement	93.563	2011-55-026-K	7791001	Clerk of the Circuit Court	4,502,982
Child Support Enforcement	93.563	9KC0K00002	7791101	Clerk of the Circuit Court	1,925,563
Child Support Enforcement	93.563	11KC0K00003	7811001	Sheriff	1,652,781
Child Support Enforcement	93.563	11KC0K00003	7811101	Sheriff	653,327
Child Support Enforcement	93.563	8KC0K00004	7821001	State's Attorney	7,275,234
Child Support Enforcement	93.563	8KC0K00004	7821101	State's Attorney	3,408,305
Total Child Support Enforcement					<u>20,588,646</u>
Grants to States for Access and Visitation Programs					
Access and Visitation	93.597	2009-55-024-K2a	6200901	Chief Judge	(628)
Access and Visitation	93.597	2009-55-024-K2a	6201001	Chief Judge	46,891
Access and Visitation	93.597	2012-55-024-K2a	6201101	Chief Judge	30,684
Total Grants to States for Access and Visitation Programs					<u>76,947</u>
Medicaid Cluster:					
Medical Assistance Program					
Medicaid Case Management	93.778	N/A	9740930	Public Health	3,238,232
Medicaid Case Management	93.778	N/A	9741030	Public Health	(2,247,789)
Medicaid Case Management	93.778	N/A	9741130	Public Health	31,824
Total Medicaid Cluster					<u>1,022,267</u>
Illinois Department of Human Services					
Family Planning Services					
IDHS Fam. Planning TitleX	93.217	11GK129000	9460802	Stroger Hospital	(6,173)
CCDF Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund					
Healthy Child Care #1	93.596	11GM131000	9741020	Public Health	115,470
Total CCDF Cluster					<u>115,470</u>
Social Services Block Grant					
Disaster Assistance Grant	93.667	DR00000021	7860901	Homeland Security and Emergency Management	1,430,753
IDHS Case Management	93.667	11GM777000	9741106	Public Health	4,108
Total Social Services Block Grant					<u>1,434,861</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

COOK COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
For the Year Ended November 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass-Through Grantor's Number	County Business Unit	Responsible County Department	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
<i>Pass-Through Programs From (Continued):</i>					
<i>Illinois Department of Human Services (Continued)</i>					
Block Grants for Prevention and Treatment of Substance Abuse					
Substance Abuse Prevention	93.959	11GL132000	6960901	Sheriff	9,568
Substance Abuse Prevention	93.959	11GM032000	6961001	Sheriff	42,176
Substance Abuse Prevention	93.959	11GM032000	6961101	Sheriff	34,446
Total Block Grants for Prevention and Treatment of Substance Abuse					86,190
Maternal and Child Health Services Block Grant to the States					
Regional Perinatal	93.994	CH99001063	9490801	Sroger Hospital	56,393
Teen Pregnancy Prevent	93.994	11GL131000	9740902	Public Health	29,799
Total Maternal and Child Health Services Block Grant to the States					86,192
<i>Illinois Department of Public Health</i>					
Immunization Cluster:					
Immunization Grants					
Immunization Initiative	93.268	05180780	9771001	Public Health	37,873
Immunization Initiative	93.268	15180101	9771101	Public Health	58,313
Immunization Initiative-Non-Cash Award	93.268	N/A	N/A	Public Health	212,400
					308,586
ARRA - Immunization					
Immunization	93.712	05180323	9320901	Public Health	43,000
Total Immunization Cluster					351,586
Public Health Emergency Preparedness					
Bioterrorism Prep/Planning	93.069	07181016	9030901	Public Health	1,602,570
Pandemic Flu (H1N1 Vaccine)	93.069	07181138	9140901	Public Health	1,535,951
Cities Readiness Initiative	93.069	07181099	9200901	Public Health	436,741
Mass Vaccination	93.069	07181233	9290901	Public Health	1,459,349
Total Public Health Emergency Preparedness					5,034,611
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups					
IPHA HIV/AIDS Prevention	93.943	10758LA	9511001	Public Health	85,209
Regional HIV Prevention	93.943	11758LA	9511101	Public Health	33,487
Regional HIV Prevention	93.943	95780635	9840902	Public Health	(25,671)
Total Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups					93,025
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance					
IPHA HIV/AIDS Prevent. Dir.	93.944	1075806	9551001	Public Health	(34,657)
IPHA HIV/AIDS Prevent. Dir.	93.944	1175806	9551101	Public Health	(120,496)
Federal Source Aids Health	93.944	05780276	9800901	Public Health	33,445
Federal Source Aids Health	93.944	05780276	9801001	Public Health	35,079
Total Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance					(86,629)
<i>Aids Foundation of Chicago</i>					
HIV Care Formula Grants					
HIV AIDS Foundation	93.917	N/A	6580901	Cermak Health Services	101,691
HIV AIDS Foundation	93.917	N/A	6581101	Cermak Health Services	50,901
Total HIV Care Formula Grants					152,592
Total Pass-Through Programs					29,362,856
Total U.S. Department of Health and Human Services					29,864,495
EXECUTIVE OFFICE OF THE PRESIDENT					
<i>Direct Program:</i>					
High Intensity Drug Trafficking Area (HIDTA)					
Chicago HIDTA	95.001	N/A	6550603	Sheriff	2,866
Chicago HIDTA	95.001	N/A	6550616	Sheriff	1,751
Chicago HIDTA	95.001	N/A	6550702	Sheriff	3,908
Chicago HIDTA	95.001	N/A	6550703	Sheriff	61,997
Chicago HIDTA	95.001	N/A	6550704	Sheriff	(2,109)
Chicago HIDTA	95.001	N/A	6550706	Sheriff	56,303
Chicago HIDTA	95.001	N/A	6550707	Sheriff	14,496
Chicago HIDTA	95.001	N/A	6550709	Sheriff	35,475
Chicago HIDTA	95.001	N/A	6550710	Sheriff	(16,422)
Chicago HIDTA	95.001	N/A	6550711	Sheriff	19,950
Chicago HIDTA	95.001	N/A	6550713	Sheriff	23,062
Chicago HIDTA	95.001	N/A	6550716	Sheriff	715,763
Chicago HIDTA	95.001	N/A	6550717	Sheriff	7,591
Chicago HIDTA	95.001	N/A	6550802	Sheriff	31,608
Chicago HIDTA	95.001	N/A	6550803	Sheriff	131,887
Chicago HIDTA	95.001	N/A	6550804	Sheriff	2,109
Chicago HIDTA	95.001	N/A	6550806	Sheriff	73,641
Chicago HIDTA	95.001	N/A	6550807	Sheriff	18,992
Chicago HIDTA	95.001	N/A	6550809	Sheriff	253,615
Chicago HIDTA	95.001	N/A	6550811	Sheriff	13,489
Chicago HIDTA	95.001	N/A	6550813	Sheriff	50,441

See Accompanying Notes to Schedule of Expenditures of Federal Awards

COOK COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)

For the Year Ended November 30, 2011

Federal Grantor/Pass-Through Grantor/Program Name	CFDA Number	Pass-Through Grantor's Number	County Business Unit	Responsible County Department	Federal Expenditures
EXECUTIVE OFFICE OF THE PRESIDENT (Continued)					
Direct Program (Continued):					
High Intensity Drug Trafficking Area (HIDTA) (Continued):					
Chicago HIDTA	95.001	N/A	6550816	Sheriff	119,627
Chicago HIDTA	95.001	N/A	6550902	Sheriff	179,551
Chicago HIDTA	95.001	N/A	6550903	Sheriff	185,860
Chicago HIDTA	95.001	N/A	6550904	Sheriff	(5,891)
Chicago HIDTA	95.001	N/A	6550905	Sheriff	12,783
Chicago HIDTA	95.001	N/A	6550906	Sheriff	49,303
Chicago HIDTA	95.001	N/A	6550907	Sheriff	5,759
Chicago HIDTA	95.001	N/A	6550909	Sheriff	32,367
Chicago HIDTA	95.001	N/A	6550911	Sheriff	19,244
Chicago HIDTA	95.001	N/A	6550912	Sheriff	68,992
Chicago HIDTA	95.001	N/A	6550913	Sheriff	53,658
Chicago HIDTA	95.001	N/A	6550915	Sheriff	26,040
Chicago HIDTA	95.001	N/A	6550917	Sheriff	4,260
Chicago HIDTA	95.001	N/A	6551002	Sheriff	568,095
Chicago HIDTA	95.001	N/A	6551003	Sheriff	972,412
Chicago HIDTA	95.001	N/A	6551005	Sheriff	40,778
Chicago HIDTA	95.001	N/A	6551006	Sheriff	243,318
Chicago HIDTA	95.001	N/A	6551007	Sheriff	35,991
Chicago HIDTA	95.001	N/A	6551009	Sheriff	176,436
Chicago HIDTA	95.001	N/A	6551011	Sheriff	31,123
Chicago HIDTA	95.001	N/A	6551012	Sheriff	80,191
Chicago HIDTA	95.001	N/A	6551013	Sheriff	221,689
Chicago HIDTA	95.001	N/A	6551015	Sheriff	284,750
Chicago HIDTA	95.001	N/A	6551016	Sheriff	19,867
Chicago HIDTA	95.001	N/A	6551102	Sheriff	238,814
Chicago HIDTA	95.001	N/A	6551103	Sheriff	406,526
Chicago HIDTA	95.001	N/A	6551105	Sheriff	23,770
Chicago HIDTA	95.001	N/A	6551106	Sheriff	36,458
Chicago HIDTA	95.001	N/A	6551109	Sheriff	45,647
Chicago HIDTA	95.001	N/A	6551112	Sheriff	26,114
Chicago HIDTA	95.001	N/A	6551113	Sheriff	24,997
Chicago HIDTA	95.001	N/A	6551115	Sheriff	30,000
Chicago HIDTA (Non-cash)	95.001	N/A	N/A	Sheriff	4,859,817
Total Office of National Drug Control Policy					<u>10,618,759</u>
U.S. DEPARTMENT OF HOMELAND SECURITY					
Direct Program:					
Presidential-Declared Disasters or Emergency Programs					
Public Assistance Disaster Grant	97.036	031-UH92A-00	6411101	Emergency Mgt Homeland Security	277,002
Total Direct Programs					<u>277,002</u>
Pass-Through Programs From:					
Illinois Emergency Management Agency					
Urban Area Security Initiative					
Homeland Security	97.008	07UASICOOK	7690701	Emergency Mgt Homeland Security	1,664,200
Pre-Disaster Mitigation					
Pre-Disaster Mitigation	97.047	N/A	6471001	Emergency Mgt Homeland Security	21,921
Homeland Security Cluster:					
Homeland Security Grant Program					
Homeland Security	97.067	08UASICOOK	7690801	Emergency Mgt Homeland Security	3,055,985
Homeland Security	97.067	09UASICOOK	7690901	Emergency Mgt Homeland Security	2,163,703
Homeland Security	97.067	10UASICOOK	7691002	Emergency Mgt Homeland Security	706,739
Total Homeland Security Cluster					<u>5,926,427</u>
Total Pass-Through Programs					<u>7,612,548</u>
Total U.S. Department of Homeland Security					<u>7,889,550</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 139,201,785</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

COOK COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED NOVEMBER 30, 2011

NOTE 1 - FINANCIAL REPORTING

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes all Federal programs attributable to the County's reporting entity except those administered by the Forest Preserve District of Cook County and its component units.

The information in this Schedule is presented in accordance with the requirements of the Single Audit Act Amendments of 1996 and OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*". Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Federal awards received directly from Federal agencies, as well as the Federal portion of grants passed through non-Federal agencies, are included in the Schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule has been prepared on the cash basis of accounting in which expenditures are recorded when actually paid.

Accordingly, the accompanying Schedule is not intended to present financial position and the results of operations in conformity with accounting principles generally accepted in the United States of America.

NOTE 3 - MAJOR PROGRAMS

Major programs are those programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs, which were determined using a risk based approach in accordance with the requirements of OMB Circular A - 133.

NOTE 4 - PAYMENTS TO SUBRECIPIENTS

The County provided expenditures of Federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
CDBG-Entitlement Grants Cluster:		
Community Development Block Grant/Entitlement Grants	14.218	\$ 7,112,543
Neighborhood Stabilization Program 1 (NSP 1)	14.218	3,687,194
ARRA - Community Development Block Grant		
ARRA Entitlement Grants	14.253	1,196,145
Emergency Shelter Grants Program	14.231	512,084
HOME Investment Partnerships Program	14.239	(413,461)
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	1,948,283
Public Safety Partnership and Community Policing Grants	16.710	13,478

COOK COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

FOR THE YEAR ENDED NOVEMBER 30, 2011

NOTE 4 – PAYMENTS TO SUBRECIPIENTS (Continued)

JAG Program Cluster:		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,472,617
WIA Cluster:		
WIA Adult Program	17.258	2,831,631
ARRA - WIA Adult Program	17.258	1,832,547
WIA Youth Activities	17.259	3,584,310
ARRA - WIA Youth Activities	17.259	(769,619)
WIA Dislocated Workers	17.260	377,771
ARRA - WIA Dislocated Workers	17.260	3,504,248
WIA Dislocated Worker Formula Grants	17.278	3,880,333
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	3,140,617
Social Services Block Grant	93.667	1,432,890
Urban Areas Security Initiative	97.008	1,680,739
		<u>\$ 37,024,350</u>

NOTE 5 – NON-CASH AWARDS

Non-cash awards identified during the current period have been included in the Schedule. The County had no non-cash federally-funded insurance in effect during fiscal year 2011.

NOTE 6 – NEGATIVE EXPENDITURES

The Schedule includes negative amounts that result from timing differences caused by the process of authorizing new grants and assigning business units. The County assigns each new grant a business unit. Expenditures for new grants are accumulated in the prior year's grant/business unit until the new grant/business unit has been authorized/assigned. Once the new grant/business unit has been authorized/assigned, expenditures applicable to the new grant, previously recorded in the prior year grant/business unit, are transferred to the new business unit. When the authorization of a new grant occurs in the subsequent fiscal year (after the normal year-end closing), the transfer of the expenditures from the prior year business unit to the new grant/business unit results in a negative expenditure in the prior year business unit.

NOTE 7 – DCEO AUDITS

The Illinois Department of Commerce & Economic Opportunity (DCEO) issued its report (dated July 28, 2011) of the Workforce Investment Act (WIA) fiscal monitoring findings identified for the period of 06/16/2010 through 06/30/2011 at the President's Office of Employment Training (POET).

The letter detailed findings on POET and sixteen (16) service providers that resulted in POET questioned costs of \$529,478, POET disallowed costs of \$128,188, and service provider questioned costs of \$890,460.

COOK COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

FOR THE YEAR ENDED NOVEMBER 30, 2011

NOTE 7 – DCEO AUDITS (Continued)

The letter requested a written response from POET regarding these findings and corrective actions by August 23, 2011 and the corrective actions contained in the response were to be implemented by September 3, 2011 or as specified in the corrective action, if earlier. Any additional eligibility documentation was to be submitted no later than August 23, 2011.

POET submitted a response to DCEO on August 23, 2011. Based on discussions between DCEO and POET on the potential questioned and disallowed costs, \$1,562,820 pertaining to the 2009 Summer Youth program will be disallowed by DCEO. Due to the ongoing Federal investigations, the disallowed costs for 2010 have yet to be determined. The County will ultimately be liable for any disallowed costs stemming from the ongoing investigation.

In January 2011, in accordance with directives issued to the previous administration to reorganize POET, the Preckwinkle administration began assessing numerous aspects of POET's operations and management, including staffing, fiscal and programmatic policies and procedures. During the course of this review, the administration became aware of allegations of fraud within the 2009 and 2010 Summer Youth Programs.

This matter was then turned over to the County's Independent Inspector General and subsequently taken over by the U.S. Attorney's Office (U.S. A.O.) for investigation. It is worth noting that as a result of state programmatic audit findings released in 2010, POET's 2009 and 2010 Summer Youth Programs had been under investigation by the U.S. Department of Labor's (U.S. DOL) Office of the Inspector General. U.S. DOL, in conjunction with the U.S. A.O., is now conducting a thorough review of the summer programs. The investigations are ongoing.

As a result of the agency's history and high risk status, POET has been completely restructured and renamed Cook County Works (CCW). Effective December 2, 2011, CCW ceased to operate as a direct service provider and focus exclusively on the administration of the Workforce Investment Act grant, while developing programming aimed at aligning job training with existing and projected employment opportunities for Cook County residents.

NOTE 8 – HUD AUDITS

The U.S. Department of Housing and Urban Development's (HUD) Office of Inspector General (OIG) issued an audit report, 2010-CH-1004 (dated February 13, 2010), that contained issues that remain open at November 30, 2011.

The February 13, 2010 audit report addressed various issues (i.e., earned interest, Program income disbursements, and adequate controls). It was advised that:

COOK COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

NOVEMBER 30, 2011

NOTE 8 – HUD AUDITS (Continued)

- The County should implement a detailed comprehensive written action plan to improve its procedures and controls to ensure that it operates its Program in accordance with HUD's and its own requirements. The plan should include the submission of quarterly reports to HUD's Chicago Office of Community Planning and Development, detailing the County's progress in improving its procedures and controls regarding its Program, in accordance with its plan.
- The County should reimburse its local account in the amount of \$6,339 from non-Federal funds for the interest lost on Program income disbursed into the escrow account.
- The County should implement adequate procedures and controls to ensure that it appropriately disburses Program funds and income for eligible Program costs.
- The County should implement adequate procedures and controls to ensure that it disburses Program funds for eligible costs within 15 days of drawing down the Program funds from the Treasury account.

County Response: *The County has addressed this finding via reimbursement of program accounts and modification of program income procedures as appropriate and is currently awaiting a formal clearance letter from HUD and will follow-up immediately regarding anticipated receipt of said clearance.*

As of the date of this report the County has not received a formal clearance letter from HUD regarding the status of the February 13, 2010 audit report.

NOTE 9 – U.S. DEPARTMENT OF HOMELAND SECURITY AUDIT

The U.S. Department of Homeland Security's (DHS) Office of the Inspector General (OIG) issued a draft audit report in August 2011. Under the direction of the new Executive Director of the Cook County Department of Homeland Security and Emergency Management (DHSEM), the DHSEM conducted an internal audit of the program and provided the DHS OIG with comments on the draft report in late September 2011. The final report was issued by the DHS OIG in December 2011. This report contained four (4) recommendations and concluded that the Federal Emergency Management Agency (FEMA), the State of Illinois, the Urban Area Working Group, and Cook County did not ensure the effective implementation of Project Shield. As of the date of this report, the DHSEM has been working with the Illinois Emergency Management Agency and the U.S. DHS to resolve the findings outlined in the OIG Audit Report.

COOK COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

NOVEMBER 30, 2011

NOTE 10 -- SUBSEQUENT EVENT

In June 2011, the Mayor of the City of Chicago and the Cook County Board President commissioned the creation of the Joint Committee on City County Collaboration. This group was tasked with identifying means of streamlining the provision of services to residents while increasing effectiveness and reducing costs. The Joint Committee reviewed more than 50 agencies/programs and made recommendations for 19 of them, including workforce development.

The City of Chicago, West and South Suburban Cook County, and Northern Cook County currently comprise three (3) separate Local Workforce Investment Areas (LWIA). Each LWIA has a separate workforce board that receives and distributes its own Federal Workforce Investment Act (WIA) funds. Across the region however, there is no coordination among the 3 workforce boards in each LWIA, nor is there an organization focused on creating a regional workforce strategy grounded in cross-sector collaboration and innovative program development.

These deficiencies impact the quality of service for local residents and businesses, as they are not easily able to seek services across LWIA borders. Moreover, the lack of consistency throughout the region negatively impacts the ability of businesses to access have to a well-trained labor force to meet its current and future employment needs.

To improve the quality of services made available to local residents and businesses, and to maximize administrative cost savings, the Mayor and the President have sought and received approval for the reconfiguration of the 3 aforementioned LWIAs into a single LWIA, and a single workforce board tasked with administering all regional WIA funds. The new LWIA will be served by a non-profit administrative organization, The Chicago Cook Workforce Partnership (CCWP), staffed under the model previously employed by the Chicago Workforce Investment Council (CWIC) to drive strategic workforce development planning and implementation for the entire region. The CCWP, which will amend CWIC's articles of incorporation and acceded to its 501(c)(3) status, will also serve as the administrative staff to the Local Workforce Investment Board and is scheduled to begin operations July 1, 2012. Pursuant to an intergovernmental agreement, upon reconfiguration, any findings (fiscal or programmatic) will remain with the prior existing LWIA.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the Board of Commissioners of
Cook County, Illinois

Compliance

We have audited **Cook County, Illinois'** (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major Federal programs for the year ended November 30, 2011. The County's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended November 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011 – 1, 2011 – 3, 2011 – 4, 2011 – 5, 2011 – 6, 2011 – 7, 2011 – 8, 2011 – 9, 2011 – 10, 2011 – 11, 2011 – 12, 2011 – 13, 2011 – 14, 2011 – 15, 2011 – 16, 2011 – 17, 2011 – 18, 2011 – 19, 2011 – 20, 2011 – 21, 2011 – 22 and 2011 – 23.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2011 – 2, 2011 – 3, 2011 – 4, 2011 – 5, 2011 – 6, 2011 – 7, 2011 – 8, 2011 – 9, 2011 – 10, 2011 – 11, 2011 – 12, 2011 – 13, 2011 – 14, 2011 – 15, 2011 – 16, 2011 – 17, 2011 – 19, 2011 – 20, 2011 – 21, 2011 – 22 and 2011 – 24. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Cook County Board of Commissioners, management, others within the entity, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Washington, Pittman & McKee LLC

WASHINGTON, PITTMAN & MCKEEVER, LLC

Chicago, Illinois
May 31, 2012

SECTION I- SUMMARY OF AUDITOR'S RESULTS

Internal control over financial reporting:

- Material weakness(es) identified? X yes none reported
- Significant deficiencies identified X yes none reported

Noncompliance material to financial statements noted? yes ☒ no

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified X yes none reported

An unqualified opinion was issued on the County's compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☒ yes ☐ no

COOK COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)

FOR THE YEAR ENDED NOVEMBER 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Cont'd.)

The following major programs were tested:

<u>Program Name</u>	<u>CFDA #</u>
High Intensity Drug Trafficking Area	95.001
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Public Safety Interoperable Communications Grant Program	11.555
CDBG – Entitlement Grants Cluster:	
Community Development Block Grants/Entitlement Grants	14.218
Neighborhood Stabilization Program 1 (NSP 1)	14.218
ARRA - Community Development Block Grant	
ARRA Entitlement Grants	14.253
HOME Investment Partnerships Program	14.239
JAG Program Cluster:	
Edward Byrne Memorial Justice Assistance Grant Program	16.738
ARRA - Edward Byrne Memorial Justice Assistance	
Grant (JAG) Program/ Grants to States and Territories	16.803
WIA Cluster:	
WIA Adult Program	17.258
ARRA - WIA Adult Program	17.258
WIA Youth Activities	17.259
ARRA - WIA Youth Activities	17.259
WIA Dislocated Workers ⁱ	17.260
ARRA - WIA Dislocated Workers	17.260
WIA Dislocated Worker Formula Grants	17.278
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128
Urban Areas Security Initiative ⁱⁱ	97.008
Homeland Security Cluster:	
Homeland Security Grant Program	97.067

COOK COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)

FOR THE YEAR ENDED NOVEMBER 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Cont'd.)

The threshold for distinguishing Type A and Type B programs was \$3,000,000.

Auditee qualified as a low-risk auditee? No

SECTION II: FINANCIAL STATEMENT FINDINGS

The financial statement findings are included in the Summary of Basic Financial Statement Findings with the Independent Auditor's Report on the Basic Financial Statements.

ⁱ Currently, CFDA 17.260 represents both the WIA Dislocated Worker formula grants and the National Emergency Grants (NEGs). Beginning in Program Year 2010 (i.e., grants awarded after July 1, 2010), CFDA 17.260 will be archived and any new funds allocated through these two programs will be referenced using two new CFDA numbers: 17.277 for NEGs and 17.278 for WIA Dislocated Formula Grants.

ⁱⁱ As required by the Compliance Supplement, Urban Areas Security Initiative expenditures are reported using the CFDA number (97.008) shown on the Notice of Award for the period in which the funds were awarded. CFDA no. 97.008 includes 2005, 2006, and 2007 funding which, while reported separately, is part of the consolidated Homeland Security Grant Program and is audited with that program.

COOK COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont'd.)

FOR THE YEAR ENDED NOVEMBER 30, 2011

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Allowable Costs/Internal Administrative and Accounting Controls

Federal Department – Various

Passed-through Agencies – Various

**County Departments – Office of the Comptroller, Department of Budget and Management
Services and Various Others**

Finding 2011 – 1

Questioned Costs: None

CRITERIA

2 CFR Part 225 (OMB Circular A-87), Appendix C, requires that all local governments claiming central service costs must develop a cost allocation plan in accordance with the requirements described in this Circular and retain the plan and related supporting documentation for audit. "Each local government that has been designated as a "major local government" by the Office of Management and Budget (OMB) is also required to submit a plan to its cognizant agency annually. OMB periodically lists major local governments in the Federal Register." "All central service cost allocation plans will be prepared and, when required, submitted within six months prior to the beginning of each of the governmental unit's fiscal years in which it proposes to claim central service costs. Extensions may be granted by the cognizant agency on a case-by-case basis." "All proposed plans must be accompanied by the following: an organization chart sufficiently detailed to show operations including the central service activities of the State/local government whether or not they are shown as benefiting from central service functions; a copy of the Comprehensive Annual Financial Report (or a copy of the Executive Budget if budgeted costs are being proposed) to support the allowable costs of each central service activity included in the plan; and, a certification that the plan was prepared in accordance with this Circular, contains only allowable costs, and was prepared in a manner that treated similar costs consistently among the various Federal awards and between Federal and non-Federal awards/activities."

"For each allocated central service, the plan must also include the following: a brief description of the service, an identification of the unit rendering the service and the operating agencies receiving the service, the items of expense included in the cost of the service, the method used to distribute the cost of the service to benefited agencies, and a summary schedule showing the allocation of each service to the specific benefited agencies. If any self-insurance funds or fringe benefits costs are treated as allocated (rather than billed) central services, documentation shall also be included."

CONDITION

The County's County-wide cost allocation plan (CAP) was received by its cognizant agency, the U.S. Department of Housing and Urban Development (HUD) subsequent to the end of the current Fiscal year. HUD granted the County an extension until December 12, 2011 to submit the 2011 CAP.

The CAP submitted by the County did not comply with the requirements of 2 CFR Part 225 (OMB Circular A-87).

**Allowable Costs/Internal Administrative and Accounting Controls
Federal Department – Various
Passed-through Agencies – Various
County Departments – Office of the Comptroller, Department of Budget and Management
Services and Various Others
Finding 2011 – 1 (Continued)**

CONTEXT

During our test procedures we noted the following:

- The CAP did not contain the required certification that the plan was prepared in accordance with OMB Circular A-87, contained only allowable costs, and was prepared in a manner that treated similar costs consistently among the various Federal awards and between Federal and non-Federal awards/activities.
- The CAP did not contain the required organizational chart sufficiently detailed to show operations including the central service activities of the County, and whether or not they are shown as benefiting from central service functions.
- We requested and were not provided documentation supporting the amounts and methodologies contained in the CAP.

CAUSE

Based on discussions with County management, the primary staff responsible for preparation of the CAP is no longer with the County. The timing of this staff turnover impacted the submission of the CAP as well as the maintenance of supporting documentation.

EFFECT

The failure to submit the CAP as required is a violation of Federal regulations, and as a result, the County did not adequately support costs allocated to its applicable Federal programs.

RECOMMENDATION

We recommend the County allocate the appropriate resources to ensure that all costs of centralized services charged to Federal programs are supported by a current centralized CAP that meets the requirements described in OMB Circular A-87.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The County's corrective action plan is on page 74.

CRITERIA

2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87), Appendix A. General Principles for Determining Allowable Costs (C) Basic Guidelines states that “to be allowable under Federal awards, costs must meet certain general criteria, including: 1) Be necessary and reasonable for proper and efficient performance and administration of Federal awards; 2) Be allocable to Federal awards under the provisions of 2 CFR Part 225; 3) Be authorized or not prohibited under State or local laws or regulations; 4) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit; 5) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost; and 6) Be adequately documented.”

The County’s policies and procedures require that supervisors monitor, review, and approve employee time worked, evidenced by the supervisor’s signature on the employee’s timesheets.

CONDITION

During the current year, certain County departments did not follow established policy and procedures to ensure expenditures for program activities were properly supported and monitored for compliance with Federal guidelines.

CONTEXT

Federal Department – U.S. Department of Housing and Urban Development

CDBG – Entitlement Grants Cluster:

- **Community Development Block Grants/Entitlement Grants (CDBG) CFDA #14.218,**
- **ARRA - Community Development Block Grants ARRA Entitlement Grants CFDA #14.253,**
- **Home Investment Partnerships Program (HOME), CFDA #14.239**

County Department – Department of Planning and Development (DPD)

CDBG

During our tests of ten (10) employees for three (3) pay periods (1/2/2011-1/15/2011, 8/28/2011-9/10/2011, & 11/6/2011-11/19/2011) a total of thirty (30) timesheets were reviewed. We noted the following:

- Twenty (20) timesheets had no evidence of the supervisor’s review of the timesheet.
- There was no evidence of supervisory approval for one (1) employee’s leave/absence (1/13/11 and 1/14/11).

**Internal Controls Over Allowable Cost
Federal Departments – Various
County Departments – Various
Finding 2011 – 2 (Continued)**

CONTEXT (Continued)

HOME

During our tests of four (4) employees for three (3) pay periods (1/2/2011-1/15/2011, 8/28/2011-9/10/2011, & 11/6/2011-11/19/2011) a total of twelve (12) timesheets were reviewed. We noted eight (8) timesheets had no evidence of the supervisor's review of the timesheet.

**Federal Department – U.S. Department of Labor
Passed-through the Illinois Department of Commerce and Economic Opportunity
WIA Cluster:**

- WIA Adult Program, CFDA #17.258,
- WIA Youth Activities, CFDA # 17.259
- WIA Dislocated Workers, CFDA # 17.260
- WIA Dislocated Worker Formula Grant, CFDA # 17.278

County Department – Cook County Works (CCW)

During our testing of 14 employees from three pay periods (1/2/2011-1/15/2011, 8/28/2011-9/10/2011 & 11/6/2011-11/19/2011), 42 timesheets were reviewed. We noted the following:

- 10 timesheets were not signed by the employee's supervisor.
- For the period 1/2/2011-1/15/2011 an employee was paid for 80 hours, however, the timesheet reported only 76.5 hours.

**Federal Department – U. S Department of Energy
ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128
County Department – Department of Environmental Control**

During our tests of three pay periods (1/2/2011-1/15/2011, 6/19/2011-7/2/2011, & 8/28/2011-9/10/2011) for the 1 employee funded by the EECBG, we noted the following:

- For the period 1/10/2011-1/15/2011, the employee and supervisor signed the timesheet on 1/18/2011 and 1/11/2011, which appears to be untimely.
- For the period 6/19/2011-7/2/2011, the employee was paid for 16 hours of vacation, which was not reflected on the timesheets.
- For the periods 6/19/2011-7/2/2011 and 8/28/2011-9/10/2011, both the employee and supervisor signed the timesheets on 9/21/2011, which appears to be untimely.

EFFECT

Failure to accurately account for an employee's work, sick, or vacation hours could result in additional payroll costs being charged to the award, additional payroll costs owed to employees, or employees receiving ineligible pay for leave time.

**Internal Controls Over Allowable Cost
Federal Departments – Various
County Departments – Various
Finding 2011 – 2 (Continued)**

CONTEXT (Continued)

CAUSE

This situation existed due to an oversight of management not adhering to established policy and procedures.

RECOMMENDATION

We recommend the applicable County departments implement procedures to ensure timely supervisory reviews are performed and adequate documentation is maintained in accordance with the County's policies and procedures.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

The County's Corrective Action Plan is on pages 75 - 78.

Reporting

Federal Department – U.S. Department of Agriculture (USDA)

Passed-through the Illinois State Board of Education (ISBE)

Child Nutrition Cluster:

School Breakfast Program, CFDA # 10.553

National School Lunch Program (NSLP), CFDA # 10.555

County Department – Juvenile Temporary Detention Center (JTDC)

Finding 2011 – 3

Questioned Costs: None

CRITERIA

The Illinois State Board of Education School-Based Children Nutrition Programs Administrative Handbook, July 2011, states that a "claim for reimbursement must be submitted through the Application and Claim Entry System (ACES). Submit one claim per site for each month of operation. To ensure prompt payment, it is recommended that claims be submitted by the 10th of the month following the month being claimed".

The Handbook also requires all private or non-public sponsors participating in any Child Nutrition Program complete a Child Nutrition Program Annual Financial Report covering the period of July 1st – June 30th.

CONDITION

During the current audit period, JTDC's internal controls over financial reporting were inadequate to ensure the accuracy of the monthly Claim for Reimbursement and the Child Nutrition Program Annual Financial Reports.

Reporting**Federal Department – U.S. Department of Agriculture (USDA)****Passed-through the Illinois State Board of Education (ISBE)****Child Nutrition Cluster:****School Breakfast Program, CFDA # 10.553****National School Lunch Program (NSLP), CFDA # 10.555****County Department – Juvenile Temporary Detention Center (JTDC)****Finding 2011 – 3 (Continued)**

CONTEXT

During our review of 3 monthly Claims for Reimbursement and NSLP Summarization Sheets (February, June and November 2011), we noted the following discrepancies:

- The highest number of serving days for National Area/Non-Area Snack programs was 14 per the February 2011 Claim for Reimbursement. However, the Monthly NSLP Summarization Sheet reported 16. Also, we noted the report was due on 3/10/2011, but was not submitted until 3/22/2011.
- The total free breakfasts served to students were 9,019 per the June 2011 Claim for Reimbursement. However, the Monthly NSLP Summarization Sheet reported 9,015.
- For 3 Monthly NSLP Summarization Sheet reviewed, we selected a total of 49 days and noted that the meal counts were not recorded for 9 days in June 2011 and 3 days in November 2011.

Also, we were not provided with the 2011 Child Nutrition Program Annual Financial Report covering the period from 7/1/2010 to 6/30/2011.

EFFECT

Failure to maintain adequate documentation could result in inaccurate reporting and the impairment of the grantor agency's ability to monitor JTDC's program performance.

CAUSE

Management did not adequately supervise the required reports, or review reporting requirements.

RECOMMENDATION

We recommend JTDC immediately implement procedures to ensure accurate preparation of the monthly Claims for Reimbursement and NSLP Summarization Sheets, as well as the Child Nutrition Program Annual Financial Report, maintain adequate supporting documentation on the information contained in the reports, and ensure the reports are properly reviewed and approved prior to submission.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The County's Corrective Action Plan is on page 79.

Special Tests and Provisions, Commodities

Federal Department – U.S. Department of Agriculture (USDA)

Passed-through the Illinois State Board of Education (ISBE)

Child Nutrition Cluster:

School Breakfast Program, CFDA # 10.553

National School Lunch Program (NSLP), CFDA # 10.555

County Department – Juvenile Temporary Detention Center (JTDC)

Finding 2011 – 4

Questioned Costs: None

CRITERIA

Federal regulations (7 CFR section 250.16(a)(1)) require distributing agencies to maintain accurate and complete records with respect to the receipt, distribution/use, and inventory of donated foods including end products processed from donated foods.

Federal regulations (7 CFR section 250.14(e)) also require sub-grantees to take a physical inventory of all storage facilities. Such inventory shall be reconciled annually with the storage facility's inventory records and maintained on file by the agency. Corrective action shall be taken immediately on all deficiencies and the results of the corrective action forwarded to the distributing agency.

CONDITION

During the current audit period, the County's JTDC failed to establish adequate controls over commodities inventory and to maintain accurate and complete inventory records in accordance with applicable agreements and Federal regulations.

CONTEXT

Based on our review of the commodities Inventory Reports and the Commodity Receipts Listing for 4 months (January, March, September and November, 2011) during the current fiscal year, we noted the following:

- Variances were noted between the quantity received per the Inventory Report and the Commodity Receipts for 5 commodities listed for March 2011, 3 commodities listed for September 2011, and 1 commodity listed for November 2011.
- We were not provided pull sheets for these months, and as a result, the commodities identified as consumed per the Inventory Report were not adequately supported. Based on discussions with management, the pull sheets were no longer being used to identify commodities used during the month and the process was combined with the recording of items on the Inventory Report. However, we noted no evidence of review and approval of the Inventory Report to verify the accuracy of the data. Also, these procedures were not documented as part of JTDC's written policies and procedures manual.
- We were unable to obtain evidence that a physical inventory of commodities was reconciled with JTDC's Inventory Report.

Special Tests and Provisions, Commodities
Federal Department – U.S. Department of Agriculture (USDA)
Passed-through the Illinois State Board of Education (ISBE)
Child Nutrition Cluster:
 School Breakfast Program, CFDA # 10.553
 National School Lunch Program (NSLP), CFDA # 10.555
County Department – Juvenile Temporary Detention Center (JTDC)
Finding 2011 – 4 (Continued)

EFFECT

Failure to maintain accurate commodity records and reconcile physical inventories as required by Federal regulations could result in the misstatement of perpetual records and the improper distribution or loss of purchased and/or donated commodities. The failure to maintain adequate controls over the monitoring, receipt, distribution and reporting of commodities could lead to inaccurate reporting and loss of donated foods, including possible theft.

Per Federal regulations, the failure to maintain required records shall be considered *prima facie* evidence of improper distribution or loss of donated foods (7 CFR section 250.16(a)(6)), and the agency, processor, or entity may be required to pay USDA the value of the food or replace it in kind (7 CFR section 250.15(c)).

CAUSE

These situations continue to occur due to the failure of JTDC's management to establish appropriate policies and procedures to ensure accurate reporting and prevent potential loss of commodities, and the inadequate monitoring of the controls over commodities/inventory.

RECOMMENDATION

We recommend JTDC's management implement procedures to ensure that 1) accurate and complete records of used, purchased and donated foods are maintained in accordance with Federal regulations and the grant agreement; 2) an annual physical inventory is conducted and reconciled with inventory records; and 3) appropriate supervision and review exists in the food service/commodities area. Also, the written policies and procedures should be established to document all current practices and process regarding commodities inventory.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The County's Corrective Action Plan is on page 79.

Davis-Bacon Act

**Federal Department – U.S. Department of Housing and Urban Development
Home Investment Partnerships Program (HOME), CFDA #14.239**

County Department – Department of Planning and Development (DPD)

Finding 2011 – 5

Questioned Costs: None

CRITERIA

In accordance with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"), non-Federal entities shall include in their construction contracts a requirement that the contractor or subcontractor comply with the Davis-Bacon Act. This includes a requirement for the contractor or subcontractor to submit a certified copy of the payroll and a statement of compliance (29 CFR sections 5.5 and 5.6) to the non-Federal entity weekly, for each week in which any contract work is performed.

OMB Circular A-133 Subpart C Section .300(b) requires auditees to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of the contracts or grant agreements that could have a material effect on each of its Federal programs.

CONDITION

During the current audit period, the DPD did not adequately document its compliance with Federal Davis-Bacon requirements for the HOME program.

CONTEXT

Based on our testing of eleven (11) contractors' files, we reviewed twenty-two (22) certified payrolls and noted no evidence of review for the 22 certified payrolls.

We also noted that the loan agreement for one (1) multi-family construction project did not contain the required language on prevailing wages.

EFFECT

Failure to monitor certified payrolls submitted by contractors is a violation of Federal regulations and impairs the DPD's ability to adequately monitor the Federally funded program. The failure to include the required prevailing wage clauses could result in violations of Federal regulations.

CAUSE

Based on discussions with management, this situation was the result of management's oversight to monitor the appropriate documentation of the review process.

RECOMMENDATIONS

We recommend DPD establish policies and procedures to ensure its compliance with the Davis-Bacon Act requirements and ensure that the documentation of procedures performed are appropriately maintained.

Davis-Bacon Act
Federal Department – U.S. Department of Housing and Urban Development
Home Investment Partnerships Program (HOME), CFDA #14.239
County Department – Department of Planning and Development (DPD)
Finding 2011 – 5 (Continued)

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County's Corrective Action Plan is on page 80.

Reporting

Federal Department – U.S. Department of Housing and Urban Development
CDBG – Entitlement Grants Cluster:

- **Community Development Block Grants/Entitlement Grants (CDBG), CFDA #14.218**
- **ARRA - Community Development Block Grants ARRA Entitlement Grants, CFDA #14.253**

County Department – Department of Planning and Development (DPD)

Finding 2011 – 6

Questioned Costs: None

CRITERIA

Federal regulations (24 CFR Part 85.41 (c)(1)(i)) state for grants paid by letter or credit, "Treasury check advances or electronic transfer of funds, the grantee will submit the Standard Form 272, Federal Cash Transactions Report, and when necessary, its continuation sheet, Standard Form 272A, unless the terms of the award exempt the grantee from this requirement. (ii) These reports will be used by the Federal agency to monitor cash advanced to grantees and to obtain disbursement or outlay information for each grant from grantees."

The format of the report may be adapted as appropriate when reporting is to be accomplished with the assistance of automatic data processing equipment provided that the information to be submitted is not changed in substance. 24 CFR Part 85.41 (c)(4) states that grantees must submit the report no later than 15 working days following the end of each quarter.

Per 24 CFR Part 135.90, "each recipient which receives directly from HUD financial assistance that is subject to the requirements of this part shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining the effectiveness of Section 3. Where the program providing the Section 3 covered assistance requires submission of an annual performance report, the Section 3 report will be submitted with that annual performance report. If the program providing the Section 3 covered assistance does not require an annual performance report, the Section 3 report is to be submitted by January 10 of each year or within 10 days of project completion, whichever is earlier. All reports submitted to HUD in accordance with the requirements of this part will be made available to the public." (Approved by the Office of Management and Budget under control number 2529-0043).

Reporting

Federal Department – U.S. Department of Housing and Urban Development

CDBG – Entitlement Grants Cluster:

- **Community Development Block Grants/Entitlement Grants (CDBG), CFDA #14.218**
- **ARRA - Community Development Block Grants ARRA Entitlement Grants, CFDA #14.253**

County Department – Department of Planning and Development (DPD)

Finding 2011 – 6 (Continued)

CRITERIA (Continued)

Per the Addendum to the Program Year 2011 Grant Agreement for CDBG, the grantee shall comply with requirements established by the Office of Management and Budget (OMB) concerning Federal Funding Accountability and Transparency Act, including Appendix A to Part 170 of the *Requirements for Federal Funding Accountability and Transparency Act Implementation*, to be codified at 2 CFR 170.

Per 2 CFR Part 170.320, Federal financial assistance subject to the Transparency Act means assistance that non-Federal entities described in §170.105 receive or administer in the form of (a) Grants; (b) Cooperative agreements (which does not include cooperative research and development agreements pursuant to the Federal Technology Transfer Act of 1986, as amended (15 U.S.C. 3710a)); (c) Loans; (d) Loan guarantees; (e) Subsidies; (f) Insurance; (g) Food commodities; (h) Direct appropriations; (i) Assessed and voluntary contributions; and (j) Other financial assistance transactions that authorize the non-Federal entities' expenditure of Federal funds.

Also, Appendix A to Part 170 I. Reporting Subawards and Executive Compensation a.1 *Applicability* states that unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term) no later than the end of the month following the month in which the obligation was made.

CONDITION

During the current audit period, the DPD did not comply with Federal reporting requirements.

CONTEXT

During our testing, we noted the following:

- For two (2) of two (2) SF-272 (Federal Cash Transactions) reports tested, no detailed supporting documentation was provided. Also, the reports appear to be erroneous in that beginning funds were determined to be inaccurate and could not be reconciled to the detailed support, except for tracing to the ending balance in the previous report.
- The HUD 60002, *Section 3 Summary Report, Economic Opportunities for Low- and Very Low Income Persons*, required to be submitted with the Consolidated Annual Performance and Evaluation Report (CAPER) by 12/31/11, was not submitted until 1/24/12.

Reporting**Federal Department – U.S. Department of Housing and Urban Development****CDBG – Entitlement Grants Cluster:**

- **Community Development Block Grants/Entitlement Grants (CDBG), CFDA #14.218**
- **ARRA - Community Development Block Grants ARRA Entitlement Grants, CFDA #14.253**

County Department – Department of Planning and Development (DPD)**Finding 2011 – 6 (Continued)**

CONTEXT (Continued)

- DPD did not submit any reporting information as required under the Subaward Reporting Under Transparency Act.

EFFECT

Failure to ensure the accuracy of required reports impairs the grantor's ability to monitor grant activities and results in inaccurate financial reporting. Failure to submit the required report is a violation of Federal regulations and also impairs the grantor agency's ability to adequately monitor the Federally funded program.

CAUSE

Based on discussions with management, these situations resulted from management's lack of adequate review over the Federal reporting process.

RECOMMENDATION

We recommend DPD comply with Federal reporting regulations by establishing and implementing written policies and procedures to ensure accurate preparation, review and approval of required reports.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County's Corrective Action Plan is on page 81.

Subrecipient Monitoring

Federal Department – U.S. Department of Housing and Urban Development

CDBG – Entitlement Grants Cluster:

- **Community Development Block Grants/Entitlement Grants (CDBG), CFDA #14.218**
- **ARRA - Community Development Block Grants ARRA Entitlement Grants, CFDA #14.253**

County Department – Department of Planning and Development (DPD)

Finding 2011 – 7

Questioned Costs: None

CRITERIA

Circular No. A-133, Subpart D – Federal Agencies & Pass-through Entities, § __.400(d)(3) requires that pass-through entities must monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

OMB Circular A-133 Subpart D Section .400 (d) requires pass-through entities to: (1) identify Federal awards made by informing each subrecipient of Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, award year; (2) advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity; (3) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (4) ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year; (5) issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action; (6) consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records; and (7) require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Also, OMB Circular A-133 Subpart D Section .405(a) states that the management decision shall clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given. Prior to issuing the management decision, the Federal agency or pass-through entity may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the auditee.

CONDITION

During the current audit period, DPD did not adequately document its procedures for the monitoring of subrecipients, which resulted in the noncompliance with Federal regulations.

Subrecipient Monitoring

Federal Department – U.S. Department of Housing and Urban Development

CDBG – Entitlement Grants Cluster:

- **Community Development Block Grants/Entitlement Grants (CDBG), CFDA #14.218**
- **ARRA - Community Development Block Grants ARRA Entitlement Grants, CFDA #14.253**

County Department – Department of Planning and Development (DPD)

Finding 2011 – 7 (Continued)

CONTEXT

During our review of fifty (50) subrecipients' files, we noted the following:

- Forty-eight (48) subrecipients' files had no documentation as to whether or not an A-133 audit was required. Also, we noted no evidence of receipt of the A-133 reports. As a result, we were unable to determine if DPD reviewed these reports, and if applicable, issued a management decision on audit findings in accordance with OMB Circular A-133 Subpart D Section .405(a).
- Fifteen (15) subrecipients' files did not contain evidence as to whether DPD performed the required annual on-site review and monitoring visit.

EFFECT

Failure to adequately monitor the activities and performance of subrecipients could result in Federal awards being used for unauthorized purposes and DPD's inability to adequately perform risk assessments on subrecipients.

CAUSE

Based on discussions with management this situation resulted from staff turnover and subsequent staff reorganizations as well as management oversight.

RECOMMENDATION

We recommend DPD review and update established policies and procedures for monitoring its subrecipients that includes at a minimum: 1) ensuring all required subrecipient audit reports are received and reviewed timely; 2) maintain documentation on reviews of subrecipients A-133 audits, and where applicable, issue timely management decisions on audit findings to inform subrecipients of needed corrective actions.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County's Corrective Action Plan is on page 82.

Reporting**Federal Department – U. S Department of Justice****Passed-through the City of Chicago Department of Police****Passed-through the Illinois Criminal Justice Information Authority****JAG Program Cluster:**

- **Edward Byrne Memorial Justice Assistance Grant Program, CFDA # 16.738**
- **ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories, CFDA # 16.803**

County Department – Judicial Advisory Council**County Department – Office of the Chief Judge****Finding 2011 – 8****Questioned Costs: None**

CRITERIA

Per the Memorandum of Understanding (MOU) with the City of Chicago Department of Police and the Judicial Advisory Council, financial status reports were to be submitted 7-15 days following the close of the quarter, depending on the applicable year of the MOU.

Per the Interagency Agreement #809032 with the Illinois Criminal Justice Information Authority and the Office of the Chief Judge, fiscal reports were to be submitted by the 15th day of each month following the previous quarter.

CONDITION

During the current audit period, the County did not comply with the reporting requirements.

CONTEXT

During our testing of Federal reporting requirements, we noted the Judicial Advisory Council did not submit the quarterly financial status reports for the current Fiscal Year.

During our testing of quarterly fiscal reports submitted by the Chief Judge, we noted the report for the quarter ended June 2011 was submitted 10 days late.

EFFECT

Failure to submit the quarterly fiscal reports as required is a violation of Federal regulations and impairs the grantor agency's ability to adequately monitor the Federally funded program.

CAUSE

Based on discussions with management, this situation was the result of staff turnover and the lack of policies and procedures.

RECOMMENDATION

We recommend the County comply with Federal reporting regulations by establishing and implementing written policies and procedures to ensure accurate preparation, review and approval of required reports.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County's Corrective Action Plan is on pages 83 and 84.

Subrecipient Monitoring**Federal Department – U.S. Department of Justice****Passed-through the City of Chicago Department of Police****JAG Program Cluster:**

- **Edward Byrne Memorial Justice Assistance Grant Program, CFDA # 16.738**
- **ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories, CFDA # 16.803**

County Department – Judicial Advisory Council (JAC)**Finding 2011 – 9****Questioned Costs: None**

CRITERIA

OMB Circular A-133 Subpart D Section .400 (d) requires pass-through entities to: (1) identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year; (2) advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity; (3) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (4) ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year; (5) issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action; (6) consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records; and (7) require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Also, OMB Circular A-133 Subpart D Section .405(a) states that the management decision shall clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given. Prior to issuing the management decision, the Federal agency or pass-through entity may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the auditee's use or purpose for which it seeks county board or other county agency action.

CONDITION

During the current audit period, JAC did not comply with Federal requirements for the monitoring of subrecipients of Edward Byrne Memorial Justice Assistance Grant Program funds. Additionally, JAC did not have written policies outlining the process and procedures for monitoring of subrecipients.

**Subrecipient Monitoring
Federal Department – U.S. Department of Justice
Passed-through the City of Chicago Department of Police
JAG Program Cluster:**

- Edward Byrne Memorial Justice Assistance Grant Program, CFDA # 16.738
- ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories, CFDA # 16.803

**County Department – Judicial Advisory Council (JAC)
Finding 2011 – 9 (Continued)**

CONTEXT

During our test of eight (8) subrecipients' files, we noted the following:

- We were unable to verify that desk audits had been completed for all of the subrecipients tested.
- Seven (7) subrecipients' files had no documentation as to whether or not an A-133 audit was required. Also, we noted no evidence of receipt of the A-133 reports. As a result, we were unable to determine if JAC reviewed these reports, and if applicable, issued a management decision on audit findings in accordance with OMB Circular A-133 Subpart D Section .405(a).

EFFECT

Failure to adequately monitor the activities and performance of subrecipients could result in Federal awards being used for unauthorized purposes and JAC's inability to adequately perform risk assessments on subrecipients.

CAUSE

Based on discussions with management, this situation was the result of staff turnover and the lack of policies and procedures.

RECOMMENDATION

We recommend JAC develop and implement written policies and procedures for monitoring its subrecipients that includes at a minimum: 1) ensuring that desk audits are performed timely and appropriately documented, 2) site visits are routinely performed for each subrecipient, 3) all required subrecipient reports are received and reviewed timely, and 4) maintain documentation on reviews of subrecipients A-133 audits, and where applicable, issue timely management decisions on audit findings to inform subrecipients of needed corrective actions.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The County's Corrective Action Plan is on page 84.

Cash Management**Federal Department – U.S. Department of Labor****Passed-through the Illinois Department of Commerce and Economic Opportunity****WIA Cluster:**

- **WIA Adult Program, CFDA #17.258**
- **WIA Youth Activities, CFDA # 17.259**
- **WIA Dislocated Workers, CFDA # 17.260**
- **WIA Dislocated Worker Formula Grants, CFDA #17.278**

County Department – Cook County Works (CCW)**Finding 2011 – 10****Questioned Costs: \$164,659**

CRITERIA

CCW operates on a reimbursement basis. Expenditures are disbursed and reported in the State Grant Reporting System (GRS) on a monthly basis prior to CCW reimbursement requests to the Illinois Department of Commerce and Economic Opportunity (DCEO).

Federal regulations (29 CFR section 95.22 (f)) implicitly require that reimbursements shall be made for actual cash disbursements. Thus, expenditures must be disbursed prior to the date of the reimbursement receipt.

Per the grant agreement, grant funds paid in advance of realized costs must be kept in an interest bearing account and maintained therein until used in accordance with the terms and conditions of the grant agreement.

CONDITION

During the current audit period, CCW did not comply with Federal regulations applicable to cash management requirements. Also, we noted no procedures in place to ensure that the same expenditures/costs are not resubmitted for reimbursements.

CONTEXT

During our test of four (4) reimbursements, we noted the following:

- Three (3) reimbursements of \$1,519,880, \$48,783, and \$1,198,984, respectively, were disbursed by the County after the reimbursement request date, ranging from 1 to 117 days. We noted no evidence that these funds were put into an interest-bearing account.
- For two (2) reimbursements, a total of \$210,463 in accruals were included as part of the reimbursement request.
- For one (1) reimbursement, we noted expenditures of \$164,659 which were also a part of a previous reimbursement. As a result, this amount was reimbursed twice.

Cash Management

Federal Department – U.S. Department of Labor

Passed-through the Illinois Department of Commerce and Economic Opportunity

WIA Cluster:

- **WIA Adult Program, CFDA #17.258**
- **WIA Youth Activities, CFDA # 17.259**
- **WIA Dislocated Workers, CFDA # 17.260**
- **WIA Dislocated Worker Formula Grants, CFDA #17.278**

County Department – Cook County Works (CCW)

Finding 2011 – 10 (Continued)

EFFECT

Failure to disburse program costs prior to requesting reimbursement and to ensure that duplicate expenditures are not submitted for reimbursement is a violation of Federal regulations and could result in the loss of funding and potential return of funds to the Federal government. Under the reimbursement method of payment, amounts requested for reimbursement are required to be disbursed prior to the reimbursement. As a result, the inclusion of accruals in the reimbursement requests violates the Federal regulation.

CAUSE

This situation existed due to management oversight as a result of the reshuffling of resources in preparation of CCW's anticipated merger with other entities on July 1, 2012.

RECOMMENDATION

We recommend CCW implement procedures to ensure incurred costs submitted for reimbursement are disbursed prior to requesting reimbursements and that procedures are developed and implemented to ensure that duplicate expenditures and accruals are not submitted for reimbursements.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

The County's Corrective Action Plan is on pages 85 and 86.

Reporting**Federal Department – U.S. Department of Labor****Passed-through the Illinois Department of Commerce and Economic Opportunity****WIA Cluster:**

- **WIA Adult Program, CFDA #17.258**
- **WIA Youth Activities, CFDA # 17.259**
- **WIA Dislocated Workers, CFDA # 17.260**
- **WIA Dislocated Worker Formula Grants, CFDA #17.278**

County Department – Cook County Works (CCW)**Finding 2011 – 11****Questioned Costs: None**

CRITERIA

The Illinois Department of Commerce and Economic Opportunity Grant Programs Supporting Documentation Guidelines state “supporting documentation supports a value, cost, or performance criteria relative to the grant.

Expenses must be necessary, reasonable, allocable, and allowable under the grant agreement. Grantees must maintain file copies of all documentation related to the grant including documents submitted to the Department.”

Per the grant agreements, the grantee is required to submit a trial balance as supporting documentation with their quarterly status reports. The trial balance and supporting documentation must include information on revenues and expenditures reported in the grantee accounting system for the grant.

CONDITION

During the current audit period, CCW failed to comply with Federal requirements pertaining to reporting requirements.

CONTEXT

During our testing, we noted the following:

- The supporting documentation (excel spreadsheet and GRS Cost Ledger summary report) for the close-out report for grant 09-681007 included total expenditures for the period of \$11,999,798. Per the Transaction Analysis provided (for Business Units (BU) 9010901, 9010902, 9010903 and 9010904 for period from 7/1/08 to 8/9/11) the total grant disbursements were \$10,268,236. Based on discussions with management, the difference of \$1,731,562 represented costs transferred from grant 10-681007. Based on this assumption, we expected grant 10-681007 to reflect a comparable difference. However, we noted grant 10-681007 had a difference of (\$1,018,280), leaving a net unexplained difference of \$713,282.

Reporting**Federal Department – U.S. Department of Labor****Passed-through the Illinois Department of Commerce and Economic Opportunity****WIA Cluster:**

- **WIA Adult Program, CFDA #17.258**
- **WIA Youth Activities, CFDA # 17.259**
- **WIA Dislocated Workers, CFDA # 17.260**
- **WIA Dislocated Worker Formula Grants, CFDA #17.278**

County Department – Cook County Works (CCW)**Finding 2011 – 11 (Continued)**

CONTEXT (Continued)

- Per the March 2011 quarterly financial status report for grant 09-681007, we noted expenditures of \$11,095,362 was provided as part of the excel supporting documentation. Per the Transaction Analysis provided (for BU 9010902 (for the period 7/1/08 to 4/4/11)), BUs' 9010903 and 9010904 (7/1/09 to 3/31/11), and BU 9181001 (7/1/10 to 3/31/11) the total grant disbursements were \$11,391,356. Based on discussions with management, the difference of \$295,994 represented costs transferred to the ARRA funded grant 08-761007. Based on this assumption, we expected grant 08-761007 to reflect a comparable difference. However, we noted grant 08-761007 included an increase of \$107,903 as budget modification, leaving a net unexplained difference of \$188,091.

EFFECT

Failure to maintain adequate documentation resulted in inaccurate reporting, reflecting an overage of \$901,373 in expenditures and is a violation of Federal requirements.

CAUSE

This situation existed due to management oversight as a result of the reshuffling of resources in preparation of CCW's anticipated merger with other entities on July 1, 2012.

RECOMMENDATION

We recommend CCW develop and implement procedures to ensure that adequate supporting documentation is maintained to comply with Federal reporting requirements.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

The County's Corrective Action Plan is on page 86.

Cash Management**Federal Department – U. S Department of Energy****ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128****County Department – Department of Environmental Control****Finding 2011 – 12****Questioned Costs: None**

CRITERIA

Per EECBG Program Notice 10-013 (Effective Date: June 23, 2010), Guidance for State Energy Program and Energy Efficiency and Conservation Block Grant Recipients on Payment Procedures states that grantees are encouraged to utilize one or more of the following procedures going forward: 1) drawdown funds on ASAP as soon as it is administratively feasible to meet their ongoing needs to disburse funds: at a minimum, to the extent practicable, grantees should draw down funds every 2 weeks to make project-related disbursements; 2) minimize lag time between the receipt of invoices and project-related disbursements to 2 weeks, where practicable; and 3) provide advances to sub-grantees for disbursements of funds as necessary.

CONDITION

During the current audit period, the Department of Environmental Control did not establish procedures to ensure funds were disbursed within two weeks of the receipt of invoices.

CONTEXT

During our test of five (5) draw downs, we noted the following:

- One drawdown for \$125,587 was drawn down 6/15/2011. However, we noted a total of \$66,000 was disbursed on 7/7/2011.
- Another drawdown for \$123,204 was drawn down 9/1/2011. However, we noted \$1,300 was disbursed on 9/20/2011.

EFFECT

Failure to ensure funds are not disbursed within the required two week period is a violation of Federal regulations.

CAUSE

This situation existed due to the lack of adequate policies and procedures, and due to management's lack of understanding of the applicable Federal regulations.

RECOMMENDATION

We recommend the Department of Environmental Control's management update its policies and procedures to include guidance on compliance with Federal cash management regulations on drawdowns. Furthermore, we recommend the Department of Environmental Control implement procedures to ensure Federal funds drawn down are disbursed within the required two week period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

The County's Corrective Action Plan is on page 87.

Davis-Bacon Act**Federal Department – U. S Department of Energy****ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128****County Department – Department of Environmental Control****Finding 2011 – 13****Questioned Costs: None**

CRITERIA

In accordance with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"), non-Federal entities shall include in their construction contracts a requirement that the contractor or subcontractor comply with the Davis-Bacon Act.

This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a certified copy of the payroll and a statement of compliance (29 CFR sections 5.5 and 5.6).

OMB Circular A-133 Subpart C Section .300(b) requires auditees to maintain internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of the contracts or grant agreements that could have a material effect on each of its Federal programs.

CONDITION

During the current audit period, the Department of Environmental Control did not adequately document its compliance with Federal Davis-Bacon requirements for the EECBG program.

CONTEXT

During our review of the Department of Environmental Control's Manual of Administrative Procedures, we noted references to a website that provides an overview of the Davis-Bacon requirements and other links providing information about Davis-Bacon compliance. However, these procedures do not provide required policies and procedures in a detailed manner that ensures that controls are in place over compliance with the requirements of the Davis-Bacon Act.

Based on our testing of nine (9) subrecipients' files we noted the following:

- Eight (8) subrecipients' files had no evidence of the review of the certified payrolls.
- One (1) subrecipient file had no evidence of the Department of Environmental Control's receipt of the certified payrolls.
- Two (2) subrecipients' files had no evidence of employee interviews being performed.

EFFECT

Failure to monitor certified payrolls submitted by contractors is a violation of Federal regulations and impairs the Department of Environmental Control's ability to adequately monitor the Federally funded program. The lack of written policies and procedures is a significant deficiency and impairs the Department of Environmental Control's ability to consistently comply with Davis-Bacon requirements.

Davis-Bacon Act

Federal Department – U. S Department of Energy

ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128

County Department – Department of Environmental Control

Finding 2011 – 13 (Continued)

CAUSE

This situation existed due to the lack of adequate policies and procedures, and due to management's lack of understanding of the applicable Federal regulations.

RECOMMENDATIONS

We recommend the Department of Environmental Control establish and implement written policies and procedures to ensure its compliance with the Davis Bacon Act requirements and ensure that documentation of procedures performed are appropriately maintained.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County's Corrective Action Plan is on page 88.

Eligibility

Federal Department – U. S Department of Energy

ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128

County Department – Department of Environmental Control

Finding 2011 – 14

Questioned Costs: None

CRITERIA

42 USC 17154 states that an eligible entity may use a grant received under this part to carry out activities to achieve the purposes of the program, including (5) the provision of grants to nonprofit organizations and governmental agencies for the purpose of performing energy efficiency retrofits.

For the purposes of the EECBG Program, "city" includes a city-equivalent unit of local government as defined by the U.S. Census of Governments. For example, a city-equivalent unit of local government such as town, village, or other municipality shall be considered eligible if it meets the required population thresholds. Consolidated city-county governments will be considered as cities.

Cities that are eligible for direct formula grants from the DOE are those that have a population of at least 35,000, or that are one of the 10 highest populated cities of the state in which the city is located. In states that have incorporated eligible municipalities (villages) within the boundaries of other incorporated eligible municipalities (towns), the village population will be subtracted from the town's population.

OMB Circular A-133 Subpart C Section .300(b) requires auditees to maintain internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of the contracts or grant agreements that could have a material effect on each of its Federal programs.

Eligibility**Federal Department – U. S Department of Energy****ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128****County Department – Department of Environmental Control****Finding 2011 – 14 (Continued)**

CONDITION

During the current audit period, the Department of Environmental Control did not comply with Federal eligibility requirements. Also, the Department of Environmental Control did not maintain written policies and procedures to document adequate compliance with eligibility requirements.

CONTEXT

During our review of 10 subrecipients' eligibility files, we noted no supporting documentation was maintained to determine compliance with the eligibility requirements for local governments and non-governmental units. Specifically, for local governments, we noted no determination of whether or not the applicable subrecipients met the population requirement. For non-governments, we noted no determination of whether or not the applicable subrecipients met the ability to perform the energy efficiency retrofits requirement.

EFFECT

Failure to adequately document the eligibility determinations of subrecipients could result in Federal awards being used for unauthorized purposes and the Department of Environmental Control's inability to adequately perform risk assessments on subrecipients.

The lack of detailed written procedures is a significant deficiency and impairs the Department of Environmental Control's ability to adequately monitor its subrecipients to ensure compliance with Federal regulations.

CAUSE

This situation existed due to the lack of adequate policies and procedures, and due to management's lack of understanding of the applicable Federal regulations.

RECOMMENDATION

We recommend the Department of Environmental Control immediately adopt and implement written policies and procedures over eligibility to ensure compliance with Federal regulations. In addition, supporting documentation should be maintained to support all eligibility determinations.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County's Corrective Action Plan is on page 89.

CRITERIA

Per EECBG Program Notice 10-07B (Effective Date: September 17, 2010), DOE Recovery Act Reporting Requirements for the Energy Efficiency and Conservation Block Grant (EECBG) Program, Section 6.2.4., "DOE requires the submission of two major reports from prime recipients:

1. Federal Financial Report (SF-425): submitted quarterly at the level of prime recipient
2. Performance Report: submitted monthly (as applicable) and quarterly at the level of the activity.

Also, regardless of how recipients decide to manage their reporting process, prime recipients ultimately retain the responsibility to ensure that reports are submitted accurately and on time.

CONDITION

During the current audit period, the Department of Environmental Control did not comply with Federal reporting requirements.

CONTEXT

During our testing of two (2) SF-425 reports, we noted the following:

- Total cumulative expenditures for the period ended 6/30/2011 per the SF-425 report were \$5,676,159. However, total expenditures per the Transaction Analysis provided were \$5,431,367, a difference of \$244,792.
- Total cumulative expenditures for the period ended 9/30/2011 per the SF-425 report were \$6,760,117. However, total expenditures per the Transaction Analysis provided were \$6,533,410, a difference of \$226,707.

EFFECT

Failure to maintain adequate documentation resulted in inaccurate reporting, reflecting an overage of \$471,499 in expenditures and is a violation of Federal requirements.

CAUSE

This situation existed due to the lack of adequate policies and procedures, and due to management's lack of understanding of the applicable Federal regulations.

RECOMMENDATION

We recommend the Department of Environmental Control develop and implement procedures to ensure that adequate supporting documentation is maintained to comply with Federal reporting requirements.

Reporting**Federal Department – U. S Department of Energy****ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128****County Department – Department of Environmental Control****Finding 2011 – 15 (Continued)**

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County's Corrective Action Plan is on page 90.

Subrecipient Monitoring**Federal Department – U. S Department of Energy****ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128****County Department – Department of Environmental Control****Finding 2011 – 16****Questioned Costs: None**

CRITERIA

Circular No. A – 133, Subpart D – Federal Agencies & Pass-through Entities, § 400(d)(3) requires that pass-through entities must monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

OMB Circular A-133 Subpart D Section .400 (d) requires pass-through entities to: (1) identify Federal awards made by informing each subrecipient of Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, award year; (2) advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity; (3) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (4) ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year; (5) issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action; (6) consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records; and (7) require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Also, OMB Circular A-133 Subpart D Section .405(a) states that the management decision shall clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given. Prior to issuing the management decision, the Federal agency or pass-through entity may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the auditee.

Subrecipient Monitoring
Federal Department – U. S Department of Energy
ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128
County Department – Department of Environmental Control
Finding 2011 – 16 (Continued)

CRITERIA (Continued)

In addition, the Department of Environmental Control's policies and procedures require that its management performs both an initial and a final on-site monitoring visit, documented by a checklist.

CONDITION

During the current audit period, the Department of Environmental Control did not adequately document its procedures for the monitoring of subrecipients, which resulted in noncompliance with Federal regulations.

CONTEXT

During our review of ten (10) subrecipients' files we noted the following:

- Eight (8) subrecipients' files had no documentation as to whether or not an A-133 audit was required. Also, we noted no evidence of receipt of the A-133 reports. As a result, we were unable to determine if the Department of Environmental Control reviewed these reports, and if, applicable, issued a management decision on audit findings in accordance with OMB Circular A-133 Subpart D Section .405(a).
- Five (5) subrecipient files did not contain the checklist documenting that the initial on-site monitoring visit was performed.

EFFECT

Failure to adequately monitor the activities and performance of subrecipients could result in Federal awards being used for unauthorized purposes and the Department of Environmental Control's inability to adequately perform risk assessments on subrecipients.

CAUSE

This situation existed due to the lack of adequate policies and procedures, and due to management's lack of understanding of the applicable Federal regulations.

RECOMMENDATIONS

We recommend the Department of Environmental Control review and update established policies and procedures for monitoring its subrecipients that includes at a minimum: 1) ensuring all required subrecipient audit reports are received and reviewed timely; 2) maintain documentation on reviews of subrecipients A-133 audits, and where applicable, issue timely management decisions on audit findings to inform subrecipients of needed corrective actions.

Subrecipient Monitoring
Federal Department – U. S Department of Energy
ARRA-Energy Efficiency and Conservation Block Grant (EECBG), CFDA # 81.128
County Department – Department of Environmental Control
Finding 2011 – 16 (Continued)

RECOMMENDATIONS (Continued)

In addition, the Department of Environmental Control should comply with and document such compliance with its internal policy to perform initial on-site monitoring visits, documented by a checklist.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The County's Corrective Action Plan is on pages 91 and 92.

Equipment and Real Property Management
Federal Department – U.S. Department of Homeland Security
Urban Areas Security Initiative, CFDA # 97.008
Homeland Security Cluster:
 Homeland Security Grant Program, CFDA # 97.067
Passed-through the Illinois Emergency Management Agency
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 17 **Questioned Costs: None**

CRITERIA

Federal regulations (44 CFR 13.32(d)(1)) require procedures for managing equipment, whether acquired in whole or in part with grant funds, until disposition takes place, at a minimum, that meet the following requirements: (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property, (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years, and (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

CONDITION

During the current fiscal year, DHSEM failed to establish adequate controls over the Urban Area Security Initiative (UASI) and Homeland Security Grant (HSG) programs' equipment inventory and maintain accurate and complete inventory records in accordance with the Federal regulations.

**Equipment and Real Property Management
Federal Department – U.S. Department of Homeland Security
Urban Areas Security Initiative, CFDA # 97.008
Homeland Security Cluster:
Homeland Security Grant Program, CFDA # 97.067
Passed-through the Illinois Emergency Management Agency
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 17 (Continued)**

CONTEXT

Based on our review of the equipment listings provided for the County's current fiscal year, we noted the following:

- Total equipment from inception to date as recorded by the DHSEM was \$26,731,370. Total equipment per the Comptroller's Office was \$25,119,906, for a difference of \$1,611,464.
- DHSEM's Master equipment listing (\$26,731,370) and the equipment reconciliation listing (\$24,765,936) did not agree. A difference of \$1,965,434 was noted between the two listings. The difference appears to represent FY 2011 additions, which was not included on the equipment reconciliation listing. It appears the reconciliation was prepared using FY2010 amounts.

During our test of 25 equipment items (13 from DHSEM equipment listing and 12 from the Comptroller's equipment listing), we noted the following:

- Ten (10) DHSEM's equipment items tested represent FY 2011 additions that were not included in the Comptroller's equipment records.
- Four (4) of the Comptroller's equipment items tested were not included on DHSEM's equipment records.

EFFECT

Failure to maintain accurate and complete property records and adequately reconcile physical inventories and equipment listings could result in the misstatement of perpetual records and improper distribution of purchased equipment, as well as loss of Federally funded equipment due to damage, theft, or fraud.

CAUSE

Based on discussions with management, these situations occurred due to inadequate monitoring of controls over equipment inventory and miscommunications between the two departments.

RECOMMENDATION

We recommend DHSEM's management establish a system to ensure that a complete and accurate listing of all assets acquired is maintained and that equipment records are adequately updated for any asset purchased or disposed of during the year in accordance with Federal regulations. Management should implement policies and procedures to ensure a complete physical inventory is performed at least once every two years and reconciled to the equipment listing.

Equipment and Real Property Management
Federal Department – U.S. Department of Homeland Security
Urban Areas Security Initiative, CFDA # 97.008
Homeland Security Cluster:
Homeland Security Grant Program, CFDA # 97.067
Passed-through the Illinois Emergency Management Agency
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 17 (Continued)

RECOMMENDATION (Continued)

These policies and procedures should include the requirement to provide adequate information to the County's Comptroller Office on all purchases, disposals and other adjustments to the equipment listing. Also, a periodic reconciliation of equipment inventory should be performed between the Department's records and the Comptroller's to ensure accurate reporting in the County's financial system.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The County's corrective action plan is on pages 93 and 94.

Reporting
Federal Department – U.S. Department of Homeland Security
Urban Areas Security Initiative, CFDA # 97.008
Homeland Security Cluster:
Homeland Security Grant Program, CFDA # 97.067
Passed-through the Illinois Emergency Management Agency
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 18 **Questioned Costs: None**

CRITERIA

Part III, paragraph 4 of the Federal Fiscal Year (FFY) 2010 Notice of Grant Agreement between the Illinois Emergency Management Agency and DHSEM requires the grantee to provide a quarterly update of the Project Implementation Worksheet to the grantor within five (5) business days after March 31, June 30, September 30, and December 31 throughout the performance period of the agreement.

CONDITION

During the current audit period, DHSEM did not submit timely the required quarterly report in accordance with Federal regulations.

CONTEXT

Based on our test of two (2) quarterly reports, we noted one (1) quarterly report was not submitted until August 12, 2011, 30 business days after the end of the quarter.

Reporting
Federal Department – U.S. Department of Homeland Security
Urban Areas Security Initiative, CFDA # 97.008
Homeland Security Cluster:
Homeland Security Grant Program, CFDA # 97.067
Passed-through the Illinois Emergency Management Agency
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 18 (Continued)

EFFECT

Failure to submit the required report is a violation of Federal regulations and impairs the grantor agency's ability to adequately monitor the Federally funded program.

CAUSE

Per discussions with management, the quarterly report was not completed in a timely manner due to significant staff turnover during this reporting period.

RECOMMENDATION

We recommend DHSEM implement policies and procedures to ensure that all Federal reporting requirements are completed and submitted in a timely manner.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

The County's Corrective Action Plan is on page 94.

Subrecipient Monitoring
Federal Department – U.S. Department of Human Services
Passed-through the State of Illinois Department of Human Services
Social Services Block Grant (SSBG), CFDA #93.667

Federal Department – U.S. Department of Homeland Security
Urban Areas Security Initiative, CFDA # 97.008
Homeland Security Cluster:
Homeland Security Grant Program, CFDA # 97.067
Passed-through the Illinois Emergency Management Agency
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 19
Questioned Costs: None

CRITERIA

OMB Circular A-133 Subpart D Section .400 (d) requires pass-through entities to: (1) identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year; (2) advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity;

Subrecipient Monitoring
Federal Department – U.S. Department of Human Services
Passed-through the State of Illinois Department of Human Services
Social Services Block Grant (SSBG), CFDA #93.667

Federal Department – U.S. Department of Homeland Security
Urban Areas Security Initiative, CFDA # 97.008
Homeland Security Cluster:
Homeland Security Grant Program, CFDA # 97.067
Passed-through the Illinois Emergency Management Agency
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 19 (Continued)

CRITERIA (Continued)

(3) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved; (4) ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year; (5) issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action; (6) consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records; and (7) require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Also, OMB Circular A-133 Subpart D Section .405(a) states that the management decision shall clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given. Prior to issuing the management decision, the Federal agency or pass-through entity may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the auditee.

CONDITION

During the current audit period, DHSEM did not maintain adequate controls over Federal requirements pertaining to subrecipient monitoring. Also, DHSEM did not maintain written policies and procedures to document adequate compliance with subrecipient monitoring requirements.

CONTEXT

Based on our review, we noted DHSEM developed a policies and procedures Grants manual with an effective date of December 31, 2011. As a result, DHSEM did not maintain adequate written policies and procedures for monitoring its subrecipients during fiscal year 2011. Also, while we noted that the manual does address some of the basic Federal requirements for subrecipient monitoring, the manual does not include any procedures to describe how these policies are met.

Subrecipient Monitoring
Federal Department – U.S. Department of Human Services
Passed-through the State of Illinois Department of Human Services
Social Services Block Grant (SSBG), CFDA #93.667

Federal Department – U.S. Department of Homeland Security
Urban Areas Security Initiative, CFDA # 97.008
Homeland Security Cluster:
Homeland Security Grant Program, CFDA # 97.067
Passed-through the Illinois Emergency Management Agency
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 19 (Continued)

CONTEXT (Continued)

SSBG

Due to staff turnover in the program and lack of adequate documentation, we were unable to test the current status of controls over subrecipient monitoring.

Urban Areas Security Initiative (UASI)/Homeland Security Grant (HSG) Programs

During our review, we noted no evidence as to whether DHSEM performed any monitoring visits (fiscal or programmatic) or received periodic progress reports for its subrecipients. Also, we noted no documentation as to whether or not an A-133 audit was required. As a result, we were unable to determine if DHSEM reviewed these reports, and if applicable, issued a management decision on audit findings in accordance with OMB Circular A-133 Subpart D Section .405(a).

In addition, based on our review of the subrecipients' agreements, we noted no clear language advising subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by DHSEM.

EFFECT

Failure to communicate the requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements and to adequately monitor the activities and performance of subrecipients could result in Federal awards being used for unauthorized purposes and DHSEM's inability to adequately perform risk assessments on subrecipients. The lack of detailed written procedures is a significant deficiency and impairs DHSEM's ability to adequately monitor its subrecipients to ensure compliance with Federal regulations.

CAUSE

SSBG

Per discussions with management, the SSBG program's period of availability for the expenditure of program funds was not adequately monitored. This caused DHSEM to increase its efforts to ensure the timely expenditure of SSBG program funds, and as a result, failed to establish adequate policies and procedures to monitor its subrecipients.

Subrecipient Monitoring
Federal Department – U.S. Department of Human Services
Passed-through the State of Illinois Department of Human Services
Social Services Block Grant (SSBG), CFDA #93.667

Federal Department – U.S. Department of Homeland Security
Urban Areas Security Initiative, CFDA # 97.008
Homeland Security Cluster:
Homeland Security Grant Program, CFDA # 97.067
Passed-through the Illinois Emergency Management Agency
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 19 (Continued)

CAUSE (Continued)

UASI/HSG

Based on discussions with management, these situations occurred due to staff turnover which lead to inadequate monitoring of controls over subrecipient monitoring during the current period, and the lack of adequate written policies and procedures.

RECOMMENDATIONS

We recommend DHSEM immediately adopt and implement written policies and procedures over subrecipient monitoring to ensure compliance with Federal regulations. Also, the procedures should be detailed enough to identify the nature, timing and extent of the procedures to be performed. These procedures should include at a minimum: 1) ensuring all required subrecipient audit reports are received and reviewed timely; 2) maintain documentation on reviews of subrecipients A-133 audits, and where applicable, issue timely management decisions on audit findings to inform subrecipients of needed corrective actions.

In addition, subrecipients' agreements should include clear language to advise the subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements, as well as any supplemental requirements imposed by DHSEM.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The County's Corrective Action Plan is on pages 95 and 96.

Special Tests and Provisions
Federal Department – U.S. Department of Human Services
Passed-through the State of Illinois Department of Human Services
Social Services Block Grant (SSBG), CFDA #93.667
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 20 **Questioned Costs: None**

CRITERIA

According to the Contractor's Handbook for the Cook County Disaster Grant of the Subrecipient Agreements, Cook County is to perform inspections when the subrecipient is ready for final payout per the Universal Inspection Form 906.

Special Tests and Provisions
Federal Department – U.S. Department of Human Services
Passed-through the State of Illinois Department of Human Services
Social Services Block Grant (SSBG), CFDA #93.667
County Department – Homeland Security and Emergency Management (DHSEM)
Finding 2011 – 20 (Continued)

CRITERIA (Continued)

Cook County was to perform pre and post inspections of all participants' homes to ensure the need for rehabilitation work and mold remediation was effectively resolved. Inspections were to ensure work to be completed was in accordance with contract specifications.

CONDITION

During the current audit period, DHSEM failed to comply with the special tests requirements for the SSBG, Illinois Disaster Assistance Grant. Furthermore, we noted no written policies and procedures to ensure compliance with Federal requirements regarding special test provisions.

CONTEXT

During the current period, due to staff turnover and a lack of adequate documentation, we were unable to test the current status of controls over contractors' project files.

EFFECT

Failure to maintain supporting documentation, including required inspections, could result in Federal funds being disbursed for unauthorized and unallowable activities. The lack of written policies and procedures is a significant deficiency and impairs DHSEM's ability to ensure compliance with Federal regulations.

CAUSE

Per discussions with management, the program's period of availability for the expenditure of program funds was not adequately monitored. This caused DHSEM to increase its efforts to ensure the timely expenditure of program funds, and as a result, failed to establish adequate policies and procedures to ensure that required documentation was maintained.

RECOMMENDATION

We recommend DHSEM maintain documentation of all required pre and post inspection and other documentation necessary to ensure compliance with contract and Federal requirements. Also, written policies and procedures should be developed and implement to ensure compliance with special test provisions.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The County's Corrective Action Plan is on page 97.

CRITERIA

Federal regulations (OMB Circular A-102 Common Rule, as codified in the Code of Federal Regulations (CFR) Section .36 (i) for each of the applicable various Federal departments) require all contracts awarded by a recipient, including small purchases, shall contain the following provisions as applicable: 1) Equal Employment Opportunity; 2) Copeland "Anti-Kickback" Act; 3) Davis Bacon Act; 4) Contract Work Hours and Safety Standards Act; 5) Rights to Inventions Made Under a Contract or Agreement; 6) Clean Air Act and the Federal Water Pollution Control Act; 7) Byrd Anti-Lobbying Amendment; and 8) Debarment and Suspension.

OMB Circular A-102 Common Rule (as codified in the CFR Section .35 for each of the applicable various Federal departments), states Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and subgrantees (including contractors) at any tier do not make awards in violation of the nonprocurement debarment and suspension common rule.

OMB Circular A-102 Common Rule (as codified in the CFR Section .36 (g)(1) for each of the applicable various Federal departments) requires that local governments verify that the awarding Federal agency approves procurements exceeding \$100,000 when such approval is required. Additionally, contracts sub-granted by States are also required to be monitored to ensure compliance with State laws and procedures.

Federal regulations (as codified in the CFR Section .36(b) for each of the applicable various Federal departments) requires that grantees and subgrantees use their own procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

Code of Ordinances, Cook County, Illinois (Cook County Code), Part I, Chapter 34, Article IV, Division 1, Sec. 34-129 states no person or business entity (partnership or corporation) shall be authorized to enter into negotiations for a contract or awarded a contract for goods or services with the County that is delinquent in the payment of any tax (including real estate tax) or fee administered by the County, a local municipality, or the Illinois Department of Revenue. Also, prior to initiating negotiations for any contract for goods or services, the Purchasing Agent shall obtain an economic disclosure statement which includes an attestation under oath from the person or business entity that none of the taxes or fees contested, or other taxes or fees, are delinquent.

Cook County Code Part I, Chapter 34, Article IV, Division 1, Sec. 34-131 (b) states no person or substantial owner as defined in Article V, Sec. 34-367 shall be authorized to enter into a contract or awarded a contract for supplies, materials, equipment or contractual services with the County if such person or substantial owner is delinquent in the payment of a court-ordered child support arrearage.

**Procurement and Suspension and Debarment
Federal Department – Various
Passed-through Agencies – Various
County Department – Office of the Purchasing Agent (OPA)
Finding 2011 – 21 (Continued)**

CRITERIA (Continued)

Also, Sec. 34-121 states all contracts for contractual services for Cook County, including the separately elected Officials, shall also require Board approval in circumstances where the aggregate of expenditures by a Department within the County, or any separately elected official, to the same vendor for the same, or substantially the same contractual services within the same fiscal year equal a sum of \$25,000 or more.

CONDITION

During the current audit period, the OPA did not 1) adequately ensure Federally-funded contracts issued to vendors were in compliance with Federal regulations, 2) maintain documentation to ensure compliance with the Cook County Code of Ordinances which requires verification of whether potential contractors are delinquent in taxes and fees, including child support payments, prior to the awarding of the contract, 3) monitor contracts where the aggregate of expenditures by a Department within the County, or any separately elected official, to the same vendor for the same, or substantially the same contractual services within the same fiscal year equal a sum of \$25,000 or more, and 4) maintain adequate controls over awards initiated by User Departments and submitted to the OPA for approval of vendor payment.

CONTEXT

During our test of twenty four (24) Federally-funded contracts, we noted the following:

- One OPA contract file was not provided for our review.
- The contracts did not contain certain provisions required by OMB's Circular A-102 Common Rule. These include the following required provisions:
 1. Equal Employment Opportunity
 2. Copeland "Anti-Kickback" Act
 3. Contract Work Hours and Safety Standards Act
 4. Rights to Inventions Made Under a Contract or Agreement
 5. Clean Air Act and the Federal Water Pollution Control Act
 6. Byrd Anti-Lobbying Amendment
 7. Debarment and Suspension
- OPA did not maintain adequate support to document its monitoring of vendors against the Federal Excluded Parties List System (EPLS).
- OPA did not monitor Federally-funded contracts to determine if procurements were funded under and in compliance with the Recovery Act. OPA did not obtain copies of grant agreements from user departments to perform monitoring with grant agreement provisions.
- For nine (9) contracts, we noted no documentation to verify if potential contractors were delinquent in child support payments.

**Procurement and Suspension and Debarment
Federal Department – Various
Passed-through Agencies – Various
County Department – Office of the Purchasing Agent (OPA)
Finding 2011 – 21 (Continued)**

CONTEXT (Continued)

- For twelve (12) contracts, we noted no documentation of whether the required verifications of delinquent taxes and fees were performed.
- For two (2) contracts, we noted no evidence of compliance with MBE/WBE requirements and/or waivers of such requirements.
- The OPA did not monitor Federally-funded contracts to ensure that contracts in excess of \$100,000 were approved by the Federal awarding agency. The OPA does not obtain copies of grant agreements from user departments to perform monitoring with grant agreement provisions, in order to determine the applicability of this compliance requirement.

During the current audit period, we were unable to obtain any evidence that the OPA performed monitoring of Open Market Purchases in amounts greater than \$750 and less than \$100,000 to ensure that aggregate expenditures to the same vendor for the same, or substantially the same contractual services within the same fiscal year equaling a sum of \$25,000 or more, were approved by the County Board.

EFFECT

Failure to include the required contract provisions is a violation of Federal regulations and could result in non-compliance with Federal regulations by contractors, subcontractors, and vendors of Federally-funded contracts.

Per Federal regulations, if a participant knowingly does business with an excluded person, the Federal agency responsible for the transaction could disallow costs, annul or terminate the transaction, issue a stop work order, debar or suspend the participant, or take other remedies as deemed appropriate.

Failure to comply with the provisions of the Cook County Code could result in contract termination. Also, the failure of the OPA to maintain adequate documentation of the monitoring of potential delinquencies in taxes and fees, including child support, impairs the efficiency of the contract award/evaluation process, and could result in unqualified vendors/contractors being awarded Federally funded contracts.

Inadequate controls surrounding the monitoring of multiple contractual services expenditures to the same vendors for the same services, allows user departments and vendors to potentially circumvent the required County Board approval process in cases where the aggregate contractual service expenditures exceed \$25,000 in a given fiscal year; ultimately resulting in non-compliance with Cook County Code.

The failure to determine if federally-funded contracts include Recovery Act funding could result in Recovery Act funded contracts violating Federal requirements.

**Procurement and Suspension and Debarment
Federal Department – Various
Passed-through Agencies – Various
County Department – Office of the Purchasing Agent (OPA)
Finding 2011 – 21 (Continued)**

CAUSE

Based on discussions with management, formal corrective policies and procedures were not adopted and implemented until Fiscal Year 2012.

RECOMMENDATION

We recommend the OPA develop procedures to ensure all federally-funded contracts include the required contract provisions as described in OMB Circular A-102 Common Rule. Also, management should implement policies and control procedures to ensure vendors who are awarded contracts are monitored against the Federal EPLS system.

We further recommend the OPA review the Cook County Code and establish policies and procedures to ensure that applicable ordinances are complied with. These policies and procedures should ensure all contract files contain documentation on the verifications of potential contractors/vendors' delinquent in taxes and fees, including child support payments. Training should be provided to ensure that employee responsibilities are clearly understood.

Finally, we recommend the OPA establish and implement written policies and procedures to ensure controls exist to monitor whether or not user departments follow prescribed guidelines for complying with prescribed procurement requirements and approvals prior to entering into agreements with vendors. This includes establishing a system for monitoring Open Market Purchases in amounts greater than \$750 and less than \$100,000 to ensure that aggregate expenditures to the same vendor for the same, or substantially the same contractual services within the same fiscal year equaling a sum of \$25,000 or more, were approved by the County Board.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

The County's Corrective Action Plan is on page 98.

Procurement and Suspension and Debarment

Federal Department (s) – Various

Passed-through Agencies – Various

County Department – Cook County Health and Hospitals System (CCHHS)

Finding 2011 – 22

Questioned Costs: None

CRITERIA

Federal regulations (OMB Circular A-102 Common Rule, as codified in the Code of Federal Regulations (CFR) Section .36 (i) for each of the applicable various Federal departments) require all contracts, awarded by a recipient, including small purchases, shall contain the following provisions as applicable: 1) Equal Employment Opportunity; 2) Copeland “Anti-Kickback” Act; 3) Davis Bacon Act; 4) Contract Work Hours and Safety Standards Act; 5) Rights to Inventions Made Under a Contract or Agreement; 6) Clean Air Act and the Federal Water Pollution Control Act; 7) Byrd Anti-Lobbying Amendment; and 8) Debarment and Suspension.

OMB Circular A-102 Common Rule (as codified in the CFR Section .35 for each of the applicable various Federal departments), states Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and subgrantees (including contractors) at any tier do not make awards in violation of the nonprocurement debarment and suspension common rule.

Federal regulations (as codified in the CFR Section .36(b) for each of the applicable various Federal departments) requires that grantees and subgrantees use their own procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

Code of Ordinances, Cook County, Illinois (Cook County Code), Part I, Chapter 34, Article IV, Division 1, Sec. 34-129 (formally adopted by CCHHS in the CCHHS Supply Chain Management Procurement Policy Section 6.2) states no person or business entity (partnership or corporation) shall be authorized to enter into negotiations for a contract or awarded a contract for goods or services with the County that is delinquent in the payment of any tax (including real estate tax) or fee administered by the County, a local municipality, or the Illinois Department of Revenue. Also, prior to initiating negotiations for any contract for goods or services, the Purchasing Agent shall obtain an economic disclosure statement which includes an attestation under oath from the person or business entity that none of the taxes or fees contested, or other taxes or fees, are delinquent.

Cook County Code Part I, Chapter 34, Article IV, Division 1, Sec. 34-131 (b) (formally adopted by CCHHS in the CCHHS Supply Chain Management Procurement Policy Section 3.8) states no person or substantial owner as defined in Article V, Sec. 34-367 shall be authorized to enter into a contract or awarded a contract for supplies, materials, equipment or contractual services with the County if such person or substantial owner is delinquent in the payment of a court-ordered child support arrearage. Also, Sec. 34-121 states all contracts for contractual services for Cook County, including the separately elected Officials, shall also require Board approval in circumstances where the aggregate of expenditures by a Department within the County, or any separately elected official, to the same vendor for the same, or substantially the same contractual services within the same fiscal year equal a sum of \$25,000 or more.

**Procurement and Suspension and Debarment
Federal Department – Various
Passed-through Agencies – Various
County Department –Cook County Health and Hospitals System (CCHHS)
Finding 2011 – 22 (Continued)**

CONDITION

During the current audit period, CCHHS did not 1) adequately ensure federally-funded contracts issued to vendors were in compliance with Federal regulations, 2) maintain documentation to ensure compliance with the Cook County Code of Ordinances which requires verification of whether potential contractors are delinquent in taxes and fees, including child support payments, prior to the awarding of the contract, and 3) monitor contracts where the aggregate of expenditures by a Department within the County, or any separately elected official, to the same vendor for the same, or substantially the same contractual services within the same fiscal year equal a sum of \$25,000 or more.

CONTEXT

During our test of fifteen (15) Federally-funded contracts, we noted the following:

- The contracts did not contain certain provisions required by OMB Circular A-102 Common Rule. These include the following required provisions:
 1. Equal Employment Opportunity
 2. Copeland "Anti-Kickback" Act
 3. Contract Work Hours and Safety Standards Act
 4. Rights to Inventions Made Under a Contract or Agreement
 5. Clean Air Act and the Federal Water Pollution Control Act
 6. Byrd Anti-Lobbying Amendment
 7. Debarment and Suspension
- CCHHS did not maintain adequate support to document its monitoring of vendors against the Federal Excluded Parties List System (EPLS).
- CCHHS did not monitor federally-funded contracts to determine if procurements were funded under and in compliance with the Recovery Act. Also, CCHHS did not obtain copies of grant agreements from user departments to perform monitoring with grant agreement provisions.
- For eight (8) contracts, we noted no documentation to verify if potential contractors were delinquent in child support payments.
- For four (4) contracts, we noted no documentation of the required verifications of delinquent taxes and fees were performed.
- For twelve (12) contracts, we noted no evidence of compliance with MBE/WBE requirements and/or waivers of such requirements.

**Procurement and Suspension and Debarment
Federal Department – Various
Passed-through Agencies – Various
County Department –Cook County Health and Hospitals System (CCHHS)
Finding 2011 – 22 (Continued)**

CONTEXT (Continued)

During the current audit period, we were unable to obtain any evidence that CCHHS performed monitoring of Open Market Purchases in amounts greater than \$750 and less than \$100,000 to ensure that aggregate expenditures to the same vendor for the same, or substantially the same contractual services within the same fiscal year equaling a sum of \$25,000 or more, were approved by CCHHS Board.

EFFECT

Failure to include the required contract provisions is a violation of Federal regulations and could result in non-compliance with Federal regulations by contractors, subcontractors, and vendors of Federally-funded contracts.

Per Federal regulations, if a participant knowingly does business with an excluded person, the Federal agency responsible for the transaction could disallow costs, annul or terminate the transaction, issue a stop work order, debar or suspend the participant, or take other remedies as deemed appropriate.

Failure to comply with the provisions of the Cook County Code could result in contract termination. Also, the failure of CCHHS to maintain adequate documentation of the monitoring of potential delinquencies in taxes and fees, including child support, impairs the efficiency of the contract award/evaluation process, and could result in unqualified vendors/contractors being awarded Federally funded contracts.

Inadequate controls surrounding the monitoring of multiple contractual services expenditures to the same vendors for the same services, allows user departments and vendors to potentially circumvent the required CCHHS Board approval process in cases where the aggregate contractual service expenditures exceed \$25,000 in a given fiscal year; ultimately resulting in non-compliance with Cook County Code.

CAUSE

Based on discussions with management, this occurred due to staff turnover, as well as the lack of understanding of Federal regulations over the procurement process.

RECOMMENDATION

We recommend CCHHS develop procedures to ensure all Federally-funded contracts include the required contract provisions as described in OMB Circular A-102 Common Rule. Also, management should implement policies and control procedures to ensure vendors who are awarded contracts are monitored against the Federal EPLS system.

**Procurement and Suspension and Debarment
Federal Department – Various
Passed-through Agencies – Various
County Department –Cook County Health and Hospitals System (CCHHS)
Finding 2011 – 22 (Continued)**

RECOMMENDATION (Continued)

We further recommend CCHHS review the Cook County Code and establish policies and procedures to ensure that applicable ordinances are complied with. These policies and procedures should ensure all contract files contain documentation on the verifications of potential contractors/vendors' delinquent in taxes and fees, including child support payments. Training should be provided to ensure that employee responsibilities are clearly understood.

We also recommend CCHHS establish and implement written policies and procedures to ensure controls exists to monitor whether or not user departments follow prescribed guidelines for complying with prescribed procurement requirements and approvals prior to entering into agreements with vendors. This includes establishing a system for monitoring Open Market Purchases in amounts greater than \$750 and less than \$100,000 to ensure that aggregate expenditures to the same vendor for the same, or substantially the same contractual services within the same fiscal year equaling a sum of \$25,000 or more, were approved by CCHHS Board.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION:

The County's Corrective Action Plan is on pages 99 and 100.

Reporting

**Federal Department – The Office of Management and Budget
Federal Programs – Various
County Department – Bureau of Finance, Office of the Comptroller
Finding 2011 – 23**

Questioned Costs: None

CRITERIA

The Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133) Subpart C – Auditees, Section .320 Report Submission, (a) General, requires the data collection form and reporting package “shall be submitted within the earlier of 30 days after the receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.” On March 22, 2011, OMB issued M-10-14, MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES, which states the following:

“Due to the importance of the Single Audits and the reliance of Federal agencies on the audit results to monitor the accountability of Recovery Act programs, agencies should not grant any extension request to grantees for fiscal years 2010 through 2011. In order to meet the criteria for a low-risk auditee (OMB Circular A-133 § __.530) in the current year, the prior two years audits must have met the requirements of OMB Circular A-133, including report submission to the FAC by the due date (OMB Circular A-133 § __.320).”

Reporting
Federal Department – The Office of Management and Budget
Federal Programs – Various
County Department – Bureau of Finance, Office of the Comptroller
Finding 2011 – 23 (Continued)

CONDITION

The County failed to comply with the requirements of OMB Circular A-133 Subpart C, Section 320 (a).

CONTEXT

The County's data collection forms and the reporting packages (includes the single audit report and the basic financial statements) are due no later than August 31st of each year. During our review of the submissions of the prior two fiscal years' data collection forms and reporting packages, we noted the reporting package for fiscal year 2009 was dated August 31, 2010. However, the data collection form and the reporting package were not submitted to the Federal Audit Clearinghouse until October 4, 2010. As a result of M-10-14, no extension was allowed for fiscal year 2009.

EFFECT

As a result of not submitting the data collection form and the reporting package in a timely manner, the County did not comply with OMB Circular A-133. Also, as a result of this non-compliance, the County cannot be considered a low-risk auditee for fiscal year 2011.

CAUSE

Per discussions with management, the untimely submission of the data collection form and the reporting package is the direct result of delays experienced in the completion of the County's audited financial statements, caused in part by staff turnover in a key position impacting said financial statements.

RECOMMENDATION

We recommend the County establish and implement the necessary procedures, as well as provide the appropriate resources, to ensure compliance with OMB Circular A-133 Subpart C, Section 320 (a).

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The County's Corrective Action Plan is on page 101.

CRITERIA

OMB Circular A-133, Subpart C-Auditees, Section 300 (a), Auditee responsibilities states that “the auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received.”

CONDITION

The County failed to maintain adequate controls to ensure that all Federal awards received and expended were identified in its accounts.

CONTEXT

During the current year, the County presented a preliminary Schedule of Expenditures of Federal Awards for audit. Subsequently, the County discovered the following:

- Approximately \$16 million in non-cash assistance in the form of Federally funded equipment received by the County was not in the County’s accounts nor identified in the preliminary Schedule of Expenditures of Federal Awards.
- Approximately \$2.4 million in Federal expenditures that were not identified as such in the County’s accounts nor identified in the preliminary Schedule of Expenditures of Federal Awards.

EFFECT

Failure to identify all Federal awards received and expended could cause the understatement of Federal expenditures in the Schedule of Expenditures of Federal Awards and allow Federal awards to not be reported and audited in accordance with OMB Circular A-133 and thus could result in violations of Federal regulations.

CAUSE

Typically Federal grants are approved by the County Board of Commissioners, a new business unit established for the grant by the Budget Office, and the activity of the grant administered by the applicable department, and receipts and expenditures accounted for by the Office of the Comptroller. However, certain other types of Federal awards are received unconventionally in forms other than grants, and based on discussions with management, due to a lack of understanding of the various forms of Federal awards received, some County departments failed to report these amounts to the County’s Office of the Comptroller in a timely manner.

Internal Controls Over Financial Reporting
Federal Department – Various
Federal Programs – Various
County Department – Various
Finding 2011 – 24 (Continued)

RECOMMENDATION

We recommend the County adopt policies and procedures to ensure that all County departments are trained how to appropriately recognize and communicate the various forms of Federal receipts and expenditures as required by OMB Circular A-133. We further recommend that as a part of the process of preparing the Schedule of Expenditures of Federal Awards, the County's Office of the Comptroller confirm whether or not each County department has received or expended any form of Federal award.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The County's Corrective Action Plan is on page 102.

COOK COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED NOVEMBER 30, 2011

<u>Prior Year Findings</u>	<u>Current Year Status</u>
<u>Federal Award Findings</u>	
Finding 2010-1 During the prior fiscal year, the County's JTDC failed to establish adequate controls over commodities inventory and to maintain accurate and complete inventory records in accordance with applicable agreements and Federal regulations for the Child Nutrition Cluster.	Repeated (See Finding 2011-4) first reported 11/30/02
Finding 2010-2 During the prior fiscal year, the County's internal controls over financial reporting and the submission of reimbursement claims were inadequate to ensure the accuracy of the Child Nutrition Program Annual Financial Report and the monthly Claim for Reimbursement for the Child Nutrition Cluster.	Repeated (See Finding 2011-3) first reported 11/30/04
Finding 2010-3 During the prior fiscal year, the Office of the Purchasing Agent did not 1) adequately ensure Federally-funded contracts issued to vendors were in compliance with Federal regulations, 2) maintain documentation to ensure compliance with the Cook County Code of Ordinances which requires verification of whether potential contractors are delinquent in taxes and fees, including child support payments, prior to the awarding of the contract, 3) monitor contracts where the aggregate of expenditures by a Department within the County, or any separately elected official, to the same vendor for the same, or substantially the same contractual services within the same fiscal year equal a sum of \$25,000 or more, and 4) maintain adequate controls over awards initiated by User Departments and submitted to the Office of the Purchasing Agent for approval of vendor payment.	Repeated (See Finding 2011-21) first reported 11/30/09

COOK COUNTY, ILLINOIS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

AND CORRECTIVE ACTION PLAN (Continued)

FOR THE YEAR ENDED NOVEMBER 30, 2011

<u>Prior Year Findings (Continued)</u>	<u>Current Year Status</u>
<u>Federal Award Findings (Continued)</u>	
Finding 2010-4 During the prior fiscal year, the Chicago-HIDTA Program did not maintain adequate written procedures to comply with the High Intensity Drug Trafficking Area (HIDTA) Program Policy and Budget Guidance Manual (Section 6.12)	Not Repeated – During the current fiscal year the Chicago-HIDTA Program formally adopted and implemented updated policies and procedures.
Finding 2010-5 During the prior fiscal year, the Chicago-HIDTA Program did not maintain adequate written procedures to comply with the HIDTA Program Policy and Budget Guidance Manual (Section 8.07)	Not Repeated – During the current fiscal year the Chicago-HIDTA Program formally adopted and implemented updated policies and procedures.
Finding 2010-6 During the prior fiscal year, the President's Office of Employment and Training (POET) failed to disburse funds prior to the receipt of reimbursement for the WIA Cluster.	Repeated (See Finding 2011-10) first reported 11/30/09
Finding 2010-7 During the prior fiscal year, POET failed to comply with Federal reporting requirements pertaining to the WIA Cluster.	Partially repeated (See Finding 2011-11) first reported 11/30/09
Finding 2010-8 During the prior fiscal year, the Department of Planning and Development (DPD) did not maintain adequate documentation to comply with 24 CFR section 570.200 (3) requirement to ensure that not less than 70 percent of the aggregate of CDBG fund expenditures shall be for activities meeting the criteria under § 570.208(a) or under § 570.208(d) (5) or (6) for benefiting low- and moderate-income persons for the Community Development Block Grants/Entitlement Grants (CDBG) program.	Not Repeated – During the current fiscal year DPD implemented its corrective action plan and documented its compliance with the applicable Federal regulations.

COOK COUNTY, ILLINOIS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

AND CORRECTIVE ACTION PLAN (Continued)

FOR THE YEAR ENDED NOVEMBER 30, 2011

<u>Prior Year Findings (Continued)</u>	<u>Current Year Status</u>
<u>Federal Award Findings (Continued)</u>	
Finding 2010-9 During the prior fiscal year, the DPD did not adequately document its compliance with Federal Davis-Bacon requirements for the CDBG and Home Investment Partnerships Program (HOME) programs.	<p>Not Repeated – During the current fiscal year DPD implemented its corrective action plan and documented its compliance with the applicable Federal regulations for the CDBG Program.</p> <p>Repeated – HOME (See Finding 2011-5) first reported 11/30/10</p>
Finding 2010-10 During the prior fiscal year, the DPD did not comply with Federal regulations in its use and reporting of program income for the CDBG and HOME programs. Program income was not disbursed nor obligated before additional cash withdrawals were made from the U.S. Treasury.	<p>Not Repeated – During the current fiscal year DPD implemented its corrective action plan and documented its compliance with the applicable Federal regulations.</p>
Finding 2010-11 During the prior fiscal year, the DPD did not comply with Federal reporting requirements for the CDBG and HOME programs.	<p>Not Repeated – During the current fiscal year DPD implemented its corrective action plan and documented its compliance with the applicable Federal regulations for the HOME Program.</p> <p>Repeated – CDBG (See Finding 2011-6) first reported 11/30/10</p>
Finding 2010-12 During the prior fiscal year, the DPD did not adequately document its procedures for monitoring its subrecipients for the CDBG and HOME programs, which resulted in the noncompliance with Federal regulations.	<p>Not Repeated – During the current fiscal year DPD implemented its corrective action plan and documented its compliance with the applicable Federal regulations for the HOME Program.</p> <p>Repeated – CDBG (See Finding 2011-7) first reported 11/30/10</p>

COOK COUNTY, ILLINOIS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

AND CORRECTIVE ACTION PLAN (Continued)

FOR THE YEAR ENDED NOVEMBER 30, 2011

<u>Prior Year Findings (Continued)</u>	<u>Current Year Status</u>
<u>Federal Award Findings (Continued)</u>	
Finding 2010-13 During the prior fiscal year, DPD did not have written policy and procedures to ensure municipalities receiving funds provided citizens with reasonable notice and an opportunity to comment on performance reports, within the 15 day minimum period for the CDBG program.	Not Repeated – During the current fiscal year DPD implemented its corrective action plan and documented its compliance with the applicable Federal regulations.
Finding 2010-14 During the prior fiscal year, the County failed to adequately maintain documents supporting its application for State Criminal Alien Assistance Program (SCAAP) funding. In addition, the County did not establish written policies and procedures for the preparation of and completion of the SCAAP application.	Not Repeated – During the current fiscal year the County implemented its corrective action plan and documented its compliance with the applicable Federal regulations.
Finding 2010-15 During the prior fiscal year, the County's Judicial Advisory Council (JAC) failed to submit quarterly financial reports to the City of Chicago in a timely manner for the Edward Byrne Memorial Justice Assistance Grant Program.	Repeated (See Finding 2011-8) first reported 11/30/10
Finding 2010-16 During the prior fiscal year, JAC did not comply with Federal requirements for the monitoring of subrecipients of Edward Byrne Memorial Justice Assistance Grant Program funds. Additionally, JAC did not have written policies outlining the process and procedures for monitoring of subrecipients.	Repeated (See Finding 2011-9) first reported 11/30/10
Finding 2010-17 During the prior fiscal year, the Department of Public Health (DPH) did not adequately comply with Federal cash management requirements for the Public Health Emergency Preparedness program.	Not Repeated – During the current fiscal year DPH implemented its corrective action plan and documented its compliance with the applicable Federal regulations.

COOK COUNTY, ILLINOIS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

AND CORRECTIVE ACTION PLAN (Continued)

FOR THE YEAR ENDED NOVEMBER 30, 2011

<u>Prior Year Findings (Continued)</u>	<u>Current Year Status</u>
<u>Federal Award Findings (Continued)</u>	
Finding 2010-18 During the prior fiscal year, Homeland Security and Emergency Management (DHSEM) failed to comply with Federal requirements pertaining to subrecipient monitoring requirements for the Social Services Block Grant (SSBG).	Repeated (See Finding 2011-19) first reported 11/30/10
Finding 2010-19 During the prior fiscal year, DHSEM failed to comply with the special tests requirements for the SSBG, Illinois Disaster Assistance Grant.	Repeated (See Finding 2011-20) first reported 11/30/10
Finding 2010-20 During the prior fiscal year, the County failed to comply with the requirements of OMB Circular A-133 Subpart C, Section 320 (a).	Repeated (See Finding 2011-23) first reported 11/30/10
The County's data collection forms and the reporting packages (includes the single audit report and the basic financial statements) for the prior two fiscal years, 2008 and 2009, were due August 31, 2009 and 2010, respectively. However, the reporting packages were submitted to the Federal Audit Clearinghouse on January 4, 2010 and October 4, 2010, respectively.	

THE BOARD OF COMMISSIONERS
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Peter H. Silvestri	9 th Dist.		



DEPARTMENT OF
BUDGET AND MANAGEMENT SERVICES

ANDREA GIBSON
BUDGET DIRECTOR

118 North Clark Street, Room 1100
Chicago, Illinois 60602-1304
(312) 603-5811 Fax: (312) 603-4913 TDD: (312) 603-5255

June 8, 2012

Mr. Takashi Reinbold
Acting Comptroller
118 N. Clark Street, Room 500
Chicago, IL 60602

Subject: Cook County FY 2011 Single Audit
Response to Revised Finding 2011-1

Dear Mr. Reinbold,

The County concurs with the finding and the recommendation. The County intends to allocate appropriate resources to ensure its Cost Allocation Plan will meet OMB Circular A-87 requirements.

The Grants Management Director in the Department of Budget and Management Services will be primarily responsible for the CAP. She will work with the Legislative Coordinator in the Comptroller's Office and the Industrial Engineer IV in the Bureau of Administration.

In addition, the County will contract with MAXIMUS Consulting Services, Inc. to develop a CAP in compliance with OMB Circular A-87.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrea Gibson", is written over a horizontal line.

Andrea Gibson
Budget Director



THE BOARD OF COMMISSIONERS
TONI PRECKWINKLE
PRESIDENT



BUREAU OF ADMINISTRATION
DEPARTMENT OF ENVIRONMENTAL CONTROL

Deborah C. Stone
DIRECTOR

69 West Washington • Suite 1900
Chicago, Illinois 60602-3004
TEL (312) 603-8200
FAX (312) 603-9828

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WILLIAM H. BEAVERS	4th Dist.	JOHN A. FRITCHEY	12th Dist.
DEBORAH SIMS	5th Dist.	LARRY BUFFREDIN	13th Dist.
JOAN P. MURPHY	6th Dist.	GREGG GOBLIN	14th Dist.
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EDMUND REYES	8th Dist.	JEFFREY R. TOBOLSKO	16th Dist.
		ELIZABETH ANN DODDY GORMAN	17th Dist.

ARRA - Energy Efficiency and Conservation Block Grant (EECBG), CFDA#81.128
County Department - Department of Environmental Control
Finding Response - Corrective Actions
Responder: Kevin Givens - Deputy Director
To: Takashi Reinbold - Interim Comptroller

Finding 2011-2

Corrective Action

Effectively immediately, the Department will require management to review and approve EECBG grant funded employee hours worked on the program, demonstrated by the project manager's signature on the employee's timesheet.

THE BOARD OF COMMISSIONERS

TONI PRECKWINKLE

PRESIDENT

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COOK COUNTY
BUREAU OF ECONOMIC DEVELOPMENT

HERMAN BREWER
BUREAU CHIEF

69 W. WASHINGTON, SUITE 2900
CHICAGO, ILLINOIS 60602-3171
TEL: (312) 603-1077
FAX: (312) 603-9971

To: Takashi Reinbold, Comptroller

From: Herman Brewer, Bureau Chief

Subject: 2011 Single Audit Corrective Action Plan

Finding 2011-2

Views of Responsible Officials and Corrective Action Plans:

- Effective with Pay Period 8, ending May 6, 2012, the County fully addressed this finding by re-implementing the policies and procedures requiring that supervisors monitor, review and approve employee time worked, evidenced by the supervisor's signature on the employee timesheets. (Administrative Assistant III)

THE BOARD OF COMMISSIONERS

TONI PRECKWINKLE

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BUREAU OF ECONOMIC DEVELOPMENT COOK COUNTY WORKS

KARIN M. NORINGTON-REAVES
DIRECTOR

69 W. Washington Street, Suite 2860
Chicago, Illinois 60602
TEL: (312) 603-0208
FAX: (312) 603-9962

May 30, 2012

Takashi Reinbold, Interim Comptroller
Office of the Comptroller
118 N. Clark, 10th floor
Chicago, IL 60602

Re: Response to 2011 Single Audit Finding Numbers 2

Dear Mr. Reinbold:

Detailed herein are Cook County Work's responses to the Single Audit Findings issued by Washington, Pittman, McKeever, LLC regarding the period of December 1, 2010 to November 30, 2011. As you know, we are in the process of making significant policy and procedural changes within Cook County Works (formerly known as the President's Office of Employment Training (POET). We look forward to working with you to ensure our Department's successful compliance with all federal, state and county requirements.

Finding 2011-2

Questioned Costs: None

Condition

During the current year, CCW did not ensure expenditures for program activities were properly supported and monitored for compliance with federal guidelines.

Views of Responsible Officials and Planned Corrective Action:

Specifically, this audit finding points to a sample evaluation of CCW's timesheets and indicates that several were unsigned by the direct supervisor. First, there were a total of 7 unsigned timesheets all of which pertained to the same time period during which the supervisor was on vacation due to the holiday. The other reported incidents were not validated upon our review of the actual timesheets. Although the individual time sheets may not have been signed by the employee's supervisor, the Director of the department did in fact review the reported time records and signed off on the timekeeping reports prior to their submission to the Comptroller's office for payroll processing.

The finding also indicated that for one employee the timekeeping records do not accurately reflect documentation of 3.5 hours. As of February 2012 the Director's Executive Assistant will be responsible for ensuring that these tasks are being done correctly. Due to the merger of 3 Local workforce Investment Areas (LWIA's), CCW will cease to exist as of June 30, 2012 and that the Chicago Cook Workforce Partnership



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Page 165 of 218

(CCWP) is being formed to be the new LWIA for all 3 areas, and will be responsible for compliance after June 30, 2012.

In sum, the above completes our responses to the finding. If you have any questions or concerns, please do not hesitate to contact Kirklinn Fowlkes, Fiscal Manager at (312) 603-0226.

Sincerely,



Karin M. Norington-Reaves, Director
Cook County Works

Cc: Kirklinn Fowlkes, Fiscal Manager, Cook County Works



OFFICE OF THE TRANSITIONAL ADMINISTRATOR

Cook County Juvenile Temporary Detention Center

1100 S. Hamilton Avenue, Chicago, IL 60612

TEL (312) 433-7102

FAX (312) 433-6644

The Business and Finance Department has addressed the following issues for the findings in the Fiscal Year 2011 and a Corrective Action Plan has been initiated by the Director of Business and Finance:

1. Finding 2011-3: Failure to maintain adequate documentation could result in inaccurate reporting and impairment of the grantor agency's ability to monitor JTDC's program performance:

The current process of inputting data on a monthly basis has been changed to weekly starting June 1, 2012. This will allow the opportunity to review the document, the data submitted, correct or improve collection and distribution procedures, etc.

The Nutrition Program Annual Financial Report was submitted prior to last year's audit thereby denying JTDC the ability to take corrective action for the year. However, JTDC submitted the Report for 2011-2012 school year with supporting documentation.

2. Finding 2011-4: JTDC failed to establish adequate controls over commodities inventory and to maintain accurate and complete inventory records in accordance with applicable agreements and federal regulations.

The inventory reports and pull sheets have been separated into two sections (donated/purchased) in accordance with JTDC policies and federal regulations. Management will review and audit the individual monthly reports and approve after ensuring accuracy of information. Written policies and procedures for commodities inventory will be revised by June 30, 2012. The revisions will include address the issue with annual audit and reconciliation of commodities. The policy will be created by the Business Analyst, and reviewed by the Director of Business and Finance. Also, the Director of Business and Finance will provide oversight on the inventory to ensure that all activities are reviewed by management.

Discrepancies will be documented and reported on a monthly/yearly basis.

Yearly audits will be conducted in the same manner ensuring accuracy of information.

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COOK COUNTY
BUREAU OF ECONOMIC DEVELOPMENT

HERMAN BREWER
BUREAU CHIEF

69 W. WASHINGTON, SUITE 2900
CHICAGO, ILLINOIS 60602-3171
TEL: (312) 603-1077
FAX: (312) 603-9971

To: Takashi Reinbold, Comptroller

From: Herman Brewer, Bureau Chief

Subject: 2011 Single Audit Corrective Action Plan

Finding 2011-5

Views of Responsible Officials and Corrective Action Plans:

- Construction management will develop and implement a review form detailing compliance with related labor standards requirements including certified payrolls. The completed form will be stored in project construction files going forward.
- The existing written agreement templates reference general labor standards compliance requirements including Davis Bacon as applicable. Program management and legal advisors will evaluate the existing written agreement templates and ensure that additional specific language regarding Davis Bacon compliance is reflected going forward (as applicable to specific projects).
- The HOME Program Manager is responsible for the oversight of this Corrective Action Plan.

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To: Takashi Reinbold, Comptroller

From: Herman Brewer, Bureau Chief

Subject: 2011 Single Audit Corrective Action Plan

Finding 2011-6

Views of Responsible Officials and Corrective Action Plans:

- The County is currently reconciling the Beginning and Ending Balances on the SF-272 (Federal Cash Transactions) reports with County and HUD's Integrated Disbursement Information System (IDIS) to ensure that accurate balances are reported and documented. – The Finance Director is responsible for the oversight of this Corrective Action Plan.
- The HUD 60002, Section 3 Summary Report (Economic Opportunities for Low- and Very Low Income Persons) was not submitted to HUD with the CAPER. However, procedures have been established to complete the Section 3 Report concurrently during the preparation of the CAPER report. Both reports (Section 3 and CAPER) will be submitted to HUD simultaneously. – The CDBG Program Manager is responsible for the oversight of this Corrective Action Plan.
- The report for Subaward Reporting Under Transparency Act was not submitted. DPD will incorporate language into the CDBG Procedures and Operations Guide (Draft) to ensure accurate preparation, review and approvals in an effort to comply with all reporting regulations. – the CDBG Program Manager is responsible for the oversight of this Corrective Action Plan.

Estimated implementation date: 7/31/2012

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To: Takashi Reinbold, Comptroller

From: Herman Brewer, Bureau Chief

Subject: 2011 Single Audit Corrective Action Plan

Finding 2011-7

Views of Responsible Officials and Corrective Action Plans:

- The County is currently reviewing the policies and procedures for the review of the Single Audit Reports A-133 or Independent Audit report received from the sub recipients. This includes the detailed policies and procedures for the timely receipt of the Audit Reports, the creation of a uniform monitoring review instrument to be completed by the County for each audit received, including the required follow up. The County is preparing a detailed database of sub recipients that will provide information regarding the types of audit reports required, the dates required and when the received. The Finance director is responsible for the oversight of this Corrective Action Plan.
- Policies and procedures have been established, written, and implemented to ensure that all required HUD reports are accurately prepared in a timely manner. The policies and procedures will be updated to reflect a system for tracking sub recipients not monitored within the program year. The CDBG Program Manager is responsible for the oversight of this Corrective Action Plan.



State of Illinois
Circuit Court of Cook County
Office of the Chief Judge

Chambers of
Timothy C. Evans
Chief Judge

James R. Anderson
Executive Officer

MEMORANDUM

50 West Washington Street
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Richard J. Daley Center
Chicago, Illinois 60602
(312) 603-4709

Fax: (312) 603-4435

Email: james.anderson@cookcountyil.gov

To: Takashi Reinbold
Interim Comptroller

From: James R. Anderson, CPA
Executive Officer
Office of the Chief Judge

Subject: FY2011 Single Audit Corrective Action Plan

Finding 2011-8

Views of responsible officials and Corrective Action Plan:

The ARRA Byrne Memorial Justice Assistance Grant No. 809031 expired on February 29, 2012. According to the Illinois Criminal Justice Information Authority, the agreement was closed in good standing.



OFFICE OF THE
JUDICIAL ADVISORY COUNCIL, COOK COUNTY, ILLINOIS
69 W. WASHINGTON STREET, SUITE 1110
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Judicial Advisory Council
Corrective Action Plan

Finding 2011 –8

Views of Responsible Officials and Corrective Action Plan

The Judicial Advisory Council concurs with this finding. The Judicial Advisory has been working with Grantor to address lag in financial reporting and will be able to substantively complete financial reporting as per the Memorandum of Understanding with the City of Chicago Department of Police. These actions will occur within the second quarter of the 2012 calendar year. The grants coordinator will be responsible for finalizing this reporting.

Finding 2011 – 9

Views of Responsible Officials and Corrective Action Plan

The Judicial Advisory Council concurs with this finding. Having established a policy and procedures manual We will enact the procedures detailed in the policy and procedures that include but are not limited to; schedule of desk audits of sub-recipients, site visits of sub-recipients, evaluation of sub-recipient A-133 audits and redundant digital record keeping to ensure improved tracking of sub-recipients.

The JAC will issue a communication to sub-recipients to verify their eligibility to undergo A-133 audits. Include this verification in sub-recipients file. For sub-recipients who fall below this threshold; define what will constitute appropriate financial documentation of expenditures and/or financial activity within federal reporting guidelines for those sub-recipients that fall in this category. Include this data in the redundant digital file. The grants coordinator will be responsible for implementing the above activities within the next two quarters of calendar year 2012.

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BUREAU OF ECONOMIC DEVELOPMENT
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May 30, 2012

Takashi Reinbold, Interim Comptroller
Office of the Comptroller
118 N. Clark, 10th floor
Chicago, IL 60602

Re: Response to 2011 Single Audit Finding Numbers 10 & 11

Dear Mr. Reinbold:

Detailed herein are Cook County Work's responses to the Single Audit Findings issued by Washington, Pittman, McKeever, LLC regarding the period of December 1, 2010 to November 30, 2011. As you know, we are in the process of making significant policy and procedural changes within Cook County Works (formerly known as the President's Office of Employment Training (POET)). We look forward to working with you to ensure our Department's successful compliance with all federal, state and county requirements.

Finding 2011-10

Questioned Costs: \$164,659

Condition

During the current audit period, CCW did not comply with federal regulations applicable to cash management requirements. Also, noted no procedures in place to ensure that the same expenditures/costs are not submitted for reimbursements.

Views of Responsible Officials and Planned Corrective Action:

CCW implemented procedures in October 2011 to ensure incurred costs for reimbursements are disbursed prior to requesting reimbursement. Currently CCW prints out for support includes the County's Check Register and Trans Action Analysis to document cost already paid when requesting funds. The activity selected transpired before implementation of current procedures. Due to the merger of 3 Local workforce Investment Areas (LWIA's), CCW will cease to exist as of June 30, 2012 and that the Chicago Cook Workforce Partnership (CCWP) is being formed to be the new LWIA for all 3 areas, and will be responsible for compliance after June 30, 2012.

In the process of closing out the ARRA Adult and Dislocated Worker Grant, direct cost to the grant for two sub-grantees totaling \$210,463 was included in the final drawdown for the grant at close-out. Funds were not immediately paid out due to fiscal and programmatic monitoring issues in which disallowed costs had to be calculated and netted against final vouchers to be paid. CCW will implement procedures to ensure that funds



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are paid out in a more efficient time line, and implement alternative procedures dealing with disallowed cost.

CCW has reviewed the allocation of staff salaries for the period 10/10/2009 to 03/27/2010 in the PY'09 grant# 09-681007 and a duplicate expenditure was included for one reimbursement request. It is recommended that the questioned cost be removed from the grant and like costs from grant# 10-681007 be transferred to replace those costs. The Fiscal Manager in cooperation with the County's Comptroller's Office will be responsible for completing this task. November 2012 should be the last year this program is reflected in the County's Single Audit.

Finding 2011-11

Questioned Costs: None

Condition

During the current audit period, CCW failed to comply with federal requirements pertaining to reporting requirements.

Views of Responsible Officials and Planned Corrective Action:

When the current administration took over in early of 2011, there were millions of dollars in jeopardy of being returned to the grantor. To minimize this possible occurrence, permission was granted from the grantor of the funds to use the FIFO method for WIA grants running concurrently. This entailed moving thousands of transactions back to grants closing out first. In the process of identifying and compiling transactions to support the transfers, some transfers were not posted in the County's accounting system in time to be recognized for the 2011 Single Audit.

This was an extraordinary situation that should not occur again at this magnitude. CCW will implement procedures to address any future transfers so that they are completed and recognized in the proper period. Due to the merger of 3 Local workforce Investment Areas (LWIA's), CCW will cease to exist as of June 30, 2012 and that the Chicago Cook Workforce Partnership (CCWP) is being formed to be the new LWIA for all 3 areas, and will be responsible for compliance after June 30, 2012.

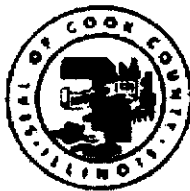
In sum, the above completes our responses to the findings. If you have any questions or concerns, please do not hesitate to contact Kirklinn Fowlkes, Fiscal Manager at (312) 603-0226.

Sincerely,


Karin M. Norington-Reaves, Director
Cook County Works

Cc: Kirklinn Fowlkes, Fiscal Manager, Cook County Works

THE BOARD OF COMMISSIONERS
TONI PRECKWINKLE
PRESIDENT



BUREAU OF ADMINISTRATION
DEPARTMENT OF ENVIRONMENTAL CONTROL

Deborah C. Stone
DIRECTOR

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ARRA - Energy Efficiency and Conservation Block Grant (EECBG), CFDA#81.128
County Department - Department of Environmental Control
Finding Response - Corrective Actions
Responder: Kevin Givens - Deputy Director
To: Takashi Reinbold - Interim Comptroller

Finding 2011-12

Response:

- The matter of timely disbursement has always been a collective issue. Currently the Department of Environmental Control makes the request for funds via the ASAP System based on payment request from sub recipients then sent to the comptroller. Within twenty four to thirty six hours the funds are deposited into an account managed by the Comptroller's Office. The disbursement initiation after the point of deposit is the responsibility of Comptroller's Office.

Corrective Action

- A cut off period of the 15th of every month will be established for the processing of payment requests. Requests received after the 15th will be held for the following month.
- Payment request from sub recipients will be processed then forwarded to the Comptroller's Office with all necessary documentation and signatures.
- After payment requests have been processed and checks disbursed to Sub recipient (verified via transaction analysis) a request for reimbursement of disbursed funds will be submitted via the ASAP System by the Program Manager.
- An email will be forwarded to the Comptroller's Office informing him of the Federal Compliances regarding disbursement timetables
- A single tracking document will be created that identifies when the draws were requested, when they were disbursed and what sub-recipients were involved. This will tie the fed draw to the disbursement entries and the sub-recipient payments reported on the Transaction Analysis Report and will highlight timing and amount discrepancies.
- EECBG Staff Accountant will be responsible for insuring this process is conducted, except where otherwise noted, which will be implemented by July 9, 2012.

ARRA - Energy Efficiency and Conservation Block Grant (EECBG), CFDA#81.128
County Department - Department of Environmental Control
Finding Response - Corrective Actions
Responder: Kevin Givens - Deputy Director
To: Takashi Reinbold - Interim Comptroller

Finding 2011-13

Response: The Department of Environmental Control agrees with the finding, the corrective action is listed below.

Corrective Action

The Federal Davis Bacon Checklist will be added to the Initial Site Visit, Final Visit and Standard Operating Procedures as an ongoing monitoring tool for Davis Bacon compliance. Additionally, as payment request are received by the Department of Environmental Control, we will sign off and file the checklist the Department currently uses to process 29A request. The signature will verify who reviewed and approved the 29A for submittal to the Comptroller's Office and by filing the document we have proof that the Davis Bacon and other payment criteria were met prior to the 29A being processed and submitted to the Comptroller's Office. EECBG program manager will implement this policy by July 9, 2012.

ARRA - Energy Efficiency and Conservation Block Grant (EECBG), CFDA#81.128
County Department - Department of Environmental Control
Finding Response - Corrective Actions
Responder: Kevin Givens - Deputy Director
To: Takashi Reinbold - Interim Comptroller

Finding 2011-14

Response:

The Department of Environmental Control role is to manage the EECBG program. This Department did not have a significant role in the sub recipient selection process. The decision of which sub recipients would participate in the EECBG Program was determined by the Bureau of Community and Economic Development during the period of 2009-2010. It was communicated to the Department of Environmental Control by previous administrators in the Bureau of Community and Economic Development that the sub recipient selection was based on set of entities that were previously awarded grant funding from the HUD funded Community Development Block Grant (CDBG).

Corrective Action

For future federal grants the Department of Environmental Control will develop a written policy and procedure regarding the selection process that will cover program goals to track with federal goals.

1. Scoring Criteria, which will be used to verify federal eligibility requirements
2. Performance evaluation criteria.
3. Reporting formats & requirements.
4. Selection process including role of Cook County Departments, Board of Commissioners and Others.
5. EECBG project manager will implement this policy by July 9, 2012.

ARRA - Energy Efficiency and Conservation Block Grant (EECBG), CFDA#81.128
County Department - Department of Environmental Control
Finding Response - Corrective Actions
Responder: Kevin Givens - Deputy Director
To: Takashi Reinbold - Interim Comptroller

Finding 2011-15

Response

The issues mentioned in finding 2011-15 can be attributed to multiple actions by both the Department of Environmental Control and that of the Comptroller's Office.

- The double signature requirement for the approval of 29A submittals has been implemented recently without the Department's prior knowledge, thus 29A were submitted back to the Department weeks after their submittal to the Comptroller's Office for corrective action.
- The documentation requirement for 29A submittals has changed recently without the Department's prior knowledge, thus 29A were submitted back to the Department weeks after their submittal to the Comptroller's Office for corrective action.

Corrective Action

The following will become part of the Standard Operating Procedures for the financial and program administration activities:

1. Improve communication between the Department of Environmental Control and the Comptroller's Office
2. The SF 425, prepared by the Program Manager, will report only expenditures that have been verified via the transaction analysis report.
3. A template detailing a checklist of information required by the sub recipient for payment has been established.
4. EC will attach double approval signatures on all 29A submittals to the Comptroller's Office regardless of dollar amount.
5. The 15th day of each month will be cutoff for processing 29A request within a given month.
6. Usage of corrective action for Finding 2011-12 will be followed for the purposes of tracking payment request to the point of disbursement to sub-recipient.
7. EECBG staff accountant will implement this process by July 9, 2012.

ARRA - Energy Efficiency and Conservation Block Grant (EECBG), CFDA#81.128
County Department - Department of Environmental Control
Finding Response - Corrective Actions
Responder: Kevin Givens - Deputy Director
To: Takashi Reinbold - Interim Comptroller

Finding 2011-16

Response

The Department of Environmental Control is not aware of whether or not the A-133 was part of the selection criteria for the Bureau of Community and Economic Development during the selection process since we have no documentation referring to that requirement. Awards were given to those sub recipients without the receipt or review of the A-133 according to the records we have from the Bureau of Community and Economic Development.

Corrective Action

The following document and practices will be added to the Standard Operating Procedures:

1. Sub recipients will be required to submit their **latest** A-133 prior to award selection.
2. Verify eligibility via scoring criteria in findings.
3. A copy of the Circular A-133 Questionnaire will be added to the Initial site Inspection Form.
4. An Excel spreadsheet will be maintained with participant's response.
5. Sub recipients will be required to submit a certified document stating corrective action has been fully implemented.
6. EECBG project manager will monitor this process.
7. If sub recipient does not certify that all corrective action has been taken, the EECBG staff accountant will request updated status reports quarterly until December 31, 2012.
8. EECBG staff accountant will implement this task by July 9, 2012.
9. Lack of the receipt of the A-133 from the sub recipient will result in them not being in compliance with our programmatic requirements

Attachment B below details the language of the letter to the sub- recipients the Department mailed to the sub recipients in March 2012 once we were made aware of the A-133 requirement.

Attachment B

Dear Sub-recipient,

In Compliance with the Federal Mandate that all Organizations/Agencies whom have been recipients in excess of 500K within a single fiscal year, **a Circular A-133 Audit Must Be Performed**. As a recipient in the EECBG Program, Cook County is charged with reporting your compliance and or findings from said report. If your Organization/ Agency or Village has received in excess of 500K in FY 2011 you have a responsibility to have the audit performed and provide Cook County a copy of the report and its findings.

Cook County Department of Environmental Control needs to know who in fact did meet this threshold and if an audit was indeed performed. Please reply with an answer to the two questions below by **Tuesday, March 20th 2012**:

ARRA - Energy Efficiency and Conservation Block Grant (EECBG), CFDA#81.128
County Department - Department of Environmental Control
Finding Response - Corrective Actions
Responder: Kevin Givens - Deputy Director
To: Takashi Reinbold - Interim Comptroller

1. Did our agency/organization receive an excess of \$500,000 in federal funds for the year 2011? Y/N
2. Did our agency/organization have an A-133 Circular Audit perform? Y/N

Please review the following for additional information concerning this request.

Please read through the pdf here:

<http://www.whitehouse.gov/sites/default/files/omb/circulars/a133/a133.pdf>

TONI PRECKWINKLE
PRESIDENT
COOK COUNTY BOARD OF COMMISSIONERS

MICHAEL MASTERS
EXECUTIVE DIRECTOR



COOK COUNTY
DEPARTMENT OF HOMELAND SECURITY
AND EMERGENCY MANAGEMENT

69 WEST WASHINGTON STREET, SUITE 263C
CHICAGO, ILLINOIS 60602
TEL: 312.603.8180

MEMORANDUM

TO: Takashi Reinbold
Interim Comptroller
Comptroller's Office

FROM:


Michael Masters
Executive Director

RE: FY 2011 Single Audit Corrective Action Plan

Please see below for the Corrective Action Plans for the Department of Homeland Security and Emergency Management for the FY 2011 Single Audit.

Finding 2011-17

CAUSE

With regard to the year-end equipment reconciliation, the difference between the Department of Homeland Security and Emergency Management (DHSEM) Master List and the Comptroller's Office records was due to a miscommunication between the two departments.

View of Responsible Officials and Planned Corrective Action:

The President took office as the new head of the Cook County Board in December 2010. Almost immediately, she identified the DHSEM as in need of a change in leadership and significant reorientation in mission. Upon being appointed to head the department in May 2011, the new Executive Director of the DHSEM conducted his own independent review of the Department; this quickly identified a lack of transparency and accountability across a variety of areas. One of the areas identified as in need of significant reform was inventory and asset management as well as tracking.

In 2011, the DHSEM purchased an asset tracking software system to aid in the tracking of its equipment. This system will tie in directly with the DHSEM master equipment inventory list and will assist the Department in accurately tracking any updates and disposals of equipment. The DHSEM has been working on implementing this system and anticipates that it will be fully functional by September 30, 2012. Similarly, DHSEM has developed a detailed written procedure for inventory of equipment under the Department.

In addition, over the last year, the DHSEM has conducted physical inventory inspections on its equipment. Specific procedures for a complete biennial physical inventory have been developed and are included in the Equipment Inventory procedures.

The DHSEM will work closely with the Comptroller's Office to develop a monthly process for reconciliation of the DHSEM master equipment inventory list against the Comptroller's Office listing.

The Director of Financial Controls will be responsible for ensuring that this Corrective Action Plan is implemented.

Finding 2011-18

CAUSE

The quarterly report was not completed in a timely manner due to significant staff turnover during this reporting period. Previous staff members responsible for completing this reporting requirement were no longer with the Department at the time the report was due. As a result, this report was not submitted until a month later, by the new staff hired to the Department in August.

Views of Responsible Officials and Planned Corrective Action:

The DHSEM made various staff adjustments and hired a new Director of Financial Controls as well as a new Grants Manager to oversee and complete the reporting requirements of all grant programs maintained under the DHSEM.

To assist in ensuring that issues do not arise, the DHSEM has developed a Reporting Calendar to track due dates for all grant reporting. The Grants Manager will be responsible for ensuring that this Calendar is updated.

Finding 2011-19

CAUSE

The new Executive Director of the DHSEM started in May 2011. In addition, the new Director of Financial Controls and the new Grants Manager started in August and October 2011, respectively. By the time the new DHSEM staff was in place, the grant, with an expiration date of June 30, 2011 had ended. With the change in administration and the turnover at the Department, the DHSEM was not able to perform subrecipient monitoring in 2011.

Views of Responsible Officials and Planned Corrective Action:

SSBG

The DHSEM has contacted the State to resolve this finding since the grant is now expired.

In regards to the recommendation to "immediately adopt and implement written policies and procedures over subrecipient monitoring...", the new Executive Director of the DHSEM started in May 2011; the new Director of Financial Controls and the new Grants Manager started in August and October 2011, respectively. DHSEM immediately began the development of a Grants Policies and Procedures manual, which also included subrecipient monitoring processes, in August of 2011. Over the course of the 2011 fiscal year, the document was in review in draft form and then made effective as of December 1, 2011 to coincide with the new fiscal year. The policies and procedures contained within the manual were being utilized from August onwards.

The DHSEM will continue to audit the grant in question and, if possible, perform subrecipient monitoring of the subrecipients associated with this grant program, if necessary.

The Director of Financial Controls, along with the Grants Manager, will be responsible for performing sub-recipient monitoring.

Urban Areas Security Initiative (UASI)/Homeland Security Grant (HSG) Programs

The DHSEM did include language in the subgrant agreements to address federal, state and local requirements for the subrecipient. Per Section VI.G. of the Cook County DHSEM subgrant agreement titled, "Compliance with Laws, State/County Agreement", it states that the subgrantees "shall comply with all applicable laws, ordinances, rules and regulations of the federal, state and local government...that may affect the performance of this grant". The subgrantees also "agrees to adhere to all provisions imposed upon the County under the State/County Agreement". This

agreement was attached as an exhibit to all subgrantee agreements between the DHSEM and the subgrantees.

Additionally, the DHSEM has revised and improved the language in all subgrant agreements beginning in 2012. The new grant agreement format contains detailed language on subrecipient requirements imposed on them by federal, state and county laws and regulations. The revised subgrant agreements have also been approved by the Illinois Emergency Management Agency, DHSEM's grantor.

In regards to the recommendation to "immediately adopt and implement written policies and procedures over subrecipient monitoring...", the new Executive Director of the DHSEM started in May 2011; the new Director of Financial Controls and the new Grants Manager started in August and October 2011, respectively. DHSEM immediately began the development of a Grants Policies and Procedures manual, which also included subrecipient monitoring processes, in August of 2011. Over the course of the 2011 fiscal year, the document was in review in draft form and then made effective as of December 1, 2011 to coincide with the new fiscal year. The policies and procedures contained within the manual were being utilized from August onwards.

The DHSEM will perform subrecipient monitoring for all of its subgrantees. The Director of Financial Controls, along with the Grants Manager, will be responsible for performing the sub-recipient monitoring.

Finding 2011-20

CAUSE

With the change in administration and the turnover at the Department, the DHSEM was not able to perform post inspections of all the participants' homes. The new Executive Director of the DHSEM started in May 2011. In addition, the new Director of Financial Controls and the new Grants Manager started in August and October 2011, respectively. By the time the new DHSEM staff was in place, the grant, with an expiration date of June 30, 2011 had ended. As a result of this, it was not plausible for the new DHSEM staff to perform post inspections of the participants' homes. Grant funds had already been paid out to the subrecipients prior to the new DHSEM staff arriving and the grant was closed out with the State in September 2011.

Views of Responsible Officials and Planned Corrective Action:

The DHSEM has contacted the State to resolve this finding since the grant is now expired.

With regard to the policies and procedures, DHSEM has already put in place and enforced written policies and procedures for all grant subrecipients.

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**COUNTY OF COOK
BUREAU OF FINANCE
OFFICE OF THE CHIEF PROCUREMENT OFFICER**

**MARIA DE LOURDES COSS
CHIEF PROCUREMENT OFFICER**

County Building
118 North Clark Street, Room 1018
Chicago, Illinois 60602-1304
TEL: (312) 603-5370

Memorandum

To: Takashi Reinbold
Comptroller

From: Maria de Lourdes Coss, CPPO
Chief Procurement Officer

Date: May 25, 2012

RE: 2011 Single Audit Action Plan Update

Finding 2011-21

Corrective Action Plan:

A number of changes are being implemented through ongoing process improvement to streamline processes and ascertain compliance with procurement and applicable laws.

1. Adoption of a review checklist for federally-funded projects. Checklists were developed, including one for the federally-funded projects. While we did not go back to review contracts that had already been awarded, the checklist prompts the inclusion of federal clauses whenever an amendment to an existing contract is being developed.
2. Inclusion of federal clauses. As of November 1, 2011, the federal clauses were added to the standard general conditions for federally-funded projects. Contracts entered into prior to that date may not include the federal provisions if it was not known that the contract was federally funded. Once the condition was discovered, action was taken to insert federal provisions on a case-by-case basis for contracts that were in progress.
3. Background Check. A checklist was developed and being tested to record the vendor's compliance with all County requirements. Improvements to the checklist are being made to capture all necessary information and make it easy to read. Once compliance with all requirements is verified, the information will be entered into the contract management system. The Excluded Parties review is routinely performed as part of the background check process for contracts equal to or exceeding \$10,000.
4. Noncompliant Purchases: A proposed policy has been developed and submitted to various departments for operational and legal review. A report has also been developed for the implementation of the policy proposed. The goal of the policy is to capture information on non-compliant purchases, address using department internal control deficiencies, and identify any patterns that may lead to unacceptable or unlawful practices as it relates to the contracting process at the County.
5. Record Keeping: A new filing process will be implemented to improve record keeping and minimize the loss or misplacement of documents. This project will be initiated in late fall of 2012. In addition, a contract management system is being implemented with capabilities to create an electronic central repository of contract information. All procurement, contract and related documents can be created or scanned into the system. Electronic availability of documents will reduce the handling of paper files, which at times result in incomplete or missing files.

Please advise if there are any questions.



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Cook County Board of Commissioners

Warren L. Batts • Chairman
Cook County Health & Hospitals System

Jorge Ramirez • Vice-Chairman
Cook County Health & Hospitals System

Ram Raju MD, MBA, FACS, FACHE • CEO
Cook County Health & Hospitals System

Carol Schneider • COO
Cook County Health & Hospitals System
John H. Stroger, Jr. Hospital of Cook County



**COOK COUNTY HEALTH
& HOSPITALS SYSTEM**
CCHHS

Health & Hospitals System Board Members

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Commissioner Jerry Butler
David N. Carvalho
Quin R. Golden
Benn Greenspan
Sr. Sheila Lyne
Dr. Luis R. Muñoz
Heather E. O'Donnell
Ruth M. Rothstein

Date: May 30, 2012

To: Takashi Reinbold
Interim Controller
Cook County

From: Regina M. Besenhofer
System Director Supply Chain Management
Cook County Health and Hospitals System

Subject: Federal Audit Response

Cook County Health and Hospitals System's Supply Chain is currently reviewing all policies and procedures related to all contract and procurement processes which includes those specific to federally funded grants. We will be working closely with the Health System legal counsel in modifying such policies and procedures that are affected as related to the inclusion of all required language, including that which is specific for federally funded grants. Further, we will work with the Health System leadership and the System Board in presenting and receiving approval for all changes necessary to current policies and procedures to comply with all required language including that for federally funded grants. We will also be developing training to be given to all applicable staff members for the checking of vendors from all applicable databases that contain notice of type of disbarment, so that we do not enter into a contract with them inappropriately.

In addition to the above, there will be a documented training session developed for all Cook County Health and Hospitals System staff that has responsibility for the development, management, or execution of contracts or procurement for all goods or services required for the Health System. There will be educational sessions provided that will include the review of the Cook County Procurement Ordinance that went into effect in October of 2012. The session will also address specifics as related to contract language that is required and necessary as well as that which is not allowed as dictated by policies and procedures. To assist in the education of all applicable employees, there will be several checklists developed including one that will be specifically designed for all federally funded projects.

As the CCHHS Supply Chain moves forward, we will also be implementing technology that will assist us in identifying the types of contracts that each contract and procurement is related to. This will assist us in documenting and tracking federal grants on at least a quarterly basis. The system is anticipated to be available by close of fiscal 2011. Until such time that the technology is available, CCHHS Supply Chain is in the process of creating a spreadsheet to appropriately track all of the critical elements as identified in the Audit for all awarded federally funded grants.

Please find the corrective plan of action including critical milestone descriptions, responsible owner, current status, and resolution timelines presented as a separate document.

If you have any further questions or concerns please do not hesitate to contact me.

Cc: John Cookinham
Mitchell Goldberg
Dorothy Loving
Reshma Soni
Carol Schneider

1901 West Harrison Street • Chicago, Illinois 60612 • (312) 864-6000 • TDD (312) 864-0100

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• John H. Stroger, Jr. Hospital • Oak Forest Health Center • Provident Hospital • Ruth M. Rothstein CORE Center •

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Cook County Supply Chain Corrective Action Plan Federal Funded Grants

<u>DESCRIPTION</u>	<u>OWNER</u>	<u>STATUS</u>	<u>PLANNED RESOLUTION DATE</u>
Review all current contract & procurement policies & procedures.	System Director Supply Chain Management	In Process	6/30/2012
Upon receipt of approved federal grant awards, verify funding by ARRA and full compliance of all ARRA requirements.	Contract Managers	In Process	6/30/2012
Prior to award and contract completion, appropriate documents that indicate no delinquency in child support, county fees, taxes, and MBE/WBE compliance are required with appropriate review and verification.	Contract Managers	In Process	6/30/2012
Develop and implement manual spreadsheet for federal grant contract tracking, including but not limited to all of the above elements. (To be used in controlled environment until review process completed.)	System Director Supply Chain Management	In Process	6/30/2012
Work with legal counsel to update above policies & procedures as required.	System Director Supply Chain Management / Associate General Counsel	Pending	7/31/2012
Present updated policies & procedures to Health System leadership and Board for approval as applicable.	System Director Supply Chain Management	Pending	8/24/2012
Schedule staff training including appropriate checklists.	System Director Supply Chain Management	Pending	9/30/2012

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**COUNTY OF COOK
BUREAU OF FINANCE
COMPTROLLER'S OFFICE
TAKASHI REINBOLD
INTERIM COMPTROLLER**

County Building
118 North Clark Street, Room 500
Chicago, Illinois 60602-1304
TEL: (312) 603-5601
FAX: (312) 603-6122

To: Takashi Reinbold
Interim Comptroller

From: Mitchell Goldberg
Legislative Coordinator

Subject: FY2011 Single Audit Corrective Action Plan

Finding 2011-23

Views of responsible officials and Corrective Action Plan:

The Bureau of Finance hired a Grants Legislative Coordinator to assist County departments with the grants process. This person will be working with the auditors and all the departments who receive grants in tracking the progress of the audit and ensuring that the audits are completed on time and are complete and accurate. The 2011 Single Audit will be completed, and the entire package will be submitted in advance of the federal required due date.



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TEL: (312) 603-6601
FAX: (312) 603-6122

To: Takashi Reinbold
Interim Comptroller

From: Mitchell Goldberg
Legislative Coordinator

Subject: FY2011 Single Audit Corrective Action Plan

Finding 2011-24

Views of responsible officials and Corrective Action Plan:

The Bureau of Finance hired a Legislative Coordinator in charge of grants to work with County Department on the grants process and ensure all federal grants are being properly included. This person will be meeting with the County Budget Office and all departments that have grants on an individual basis to ensure they are aware of the requirements to identify all federal awards they receive and accurately and completely report the federal grants. Accordingly, an updated grants manual will be created to guide the departments on the County's grants process. In addition, letters will be sent to all departments at the County's fiscal year end requiring them to confirm if they have received any source of federal funds or non-cash assets using federally funded dollars.



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PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

FINANCIAL STATEMENTS

December 31, 2011 and 2010

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

AND

FEDERAL FINANCIAL AWARD REPORTS

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

FINANCIAL STATEMENTS
December 31, 2011 and 2010

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PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

FINANCIAL STATEMENTS

December 31, 2011 and 2010

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MIRZA BAIG & COMPANY

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Public Health Institute of Metropolitan Chicago
Chicago, Illinois

We have audited the accompanying statements of financial position of Public Health Institute of Metropolitan Chicago (the Institute) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from Public Health Institute of Metropolitan Chicago's 2010 financial statements and, in our report dated July 10, 2011 we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Health Institute of Metropolitan Chicago as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated June 20, 2012 on our consideration of Public Health Institute of Metropolitan Chicago's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

MIRZA BAIG & COMPANY

Certified Public Accountants

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Public Health Institute of Metropolitan Chicago taken as a whole. The accompanying schedule of expenditures of federal awards for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Chicago, Illinois
June 20, 2012

Mirza Baig & Company

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2011 and 2010

ASSETS:	2011	2010
Current Assets:		
Cash and cash equivalents	\$ 571,807	\$ 356,545
Grants and contracts receivable	2,360,563	852,451
Prepaid expenses	32,649	23,758
Other receivables	90,107	16,124
Total current assets	<u>3,055,126</u>	<u>1,248,878</u>
Property and Equipment:		
Furniture and equipment	247,485	124,512
Less accumulated depreciation	(57,734)	(13,450)
Net property and equipment	<u>189,751</u>	<u>111,062</u>
Total assets	<u>\$ 3,244,877</u>	<u>\$ 1,359,940</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,314,526	\$ 936,802
Deferred rent	39,906	29,651
Funds held for others	123,276	31,785
Total liabilities	<u>2,477,708</u>	<u>998,238</u>
Net assets:		
Unrestricted net assets	767,169	361,702
Total net assets	<u>767,169</u>	<u>361,702</u>
Total liabilities and net assets	<u>\$ 3,244,877</u>	<u>\$ 1,359,940</u>

See accompanying notes to financial statements

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

STATEMENTS OF ACTIVITIES
For the years ended December 31, 2011 and 2010

REVENUE:	2011	2010
Grant/contract support	\$ 11,717,257	\$ 4,423,711
Program income	202,491	34,125
Contributions	39,000	-
Grant management fees	17,100	81,490
Interest and investment income	1,422	1,788
Other income	318	7,912
TOTAL REVENUE	<u>11,977,588</u>	<u>4,549,026</u>
EXPENSES:		
Program services:		
AmeriCorp	312,410	52,090
HIV/AIDS Prevention - Rapid Testing	665,289	1,280,995
HIV/AIDS Prevention - Re-Entry	805,713	741,009
Communities Putting Prevention to Work	9,129,232	2,047,503
Enhanced Comprehensive HIV Prevention Planning	346,213	51,144
Total program services	<u>11,258,857</u>	<u>4,172,741</u>
Supporting services:		
Management and general	<u>320,347</u>	<u>187,780</u>
Total supporting services	<u>320,347</u>	<u>187,780</u>
Total expenses	11,579,204	4,360,521
Increase in unrestricted net assets	398,384	188,505
Net assets, beginning of year - as previously reported	361,702	182,290
Prior period adjustment	<u>7,083</u>	<u>(9,093)</u>
Net assets, beginning of year - as restated	<u>368,785</u>	<u>173,197</u>
Unrestricted net assets, end of year	<u>\$ 767,169</u>	<u>\$ 361,702</u>

See accompanying notes to financial statements

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets	\$295,907	\$188,505
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	23,788	12,413
(Increase) in grants receivable	(1,508,112)	(70,510)
(Increase) in prepaid insurance	(8,891)	(7,126)
(Increase) in other receivables	(73,983)	(8,606)
Increase in accounts payable and accrued expenses	1,377,724	258,415
(Decrease) in accrued payroll and taxes	-	(1,016)
Increase in funds held for others	91,491	16,168
Increase in deferred rent	10,255	29,651
(Decrease) in refundable advance	-	(60,500)
Prior period adjustments	7,083	(9,093)
Net cash used by operating activities	<u>215,262</u>	<u>348,301</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net additions to property and equipment	-	(86,537)
Net cash used by investing activities	<u>-</u>	<u>(86,537)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	215,262	261,764
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>356,545</u>	<u>94,781</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$571,807</u>	<u>\$356,545</u>

See accompanying notes to financial statements

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2011 and 2010

	PROGRAM SERVICES							Management and General	TOTAL EXPENSES	
	HIV/AIDS Prevention		Communities Putting Prevention to Work		Enhanced Comp. HIV Prevention Planning		TOTAL PROGRAM SERVICES		2011	2010
	AmeriCorp	Rapid Testing	Re-Entry							
Salaries and related expenses:										
Salaries	\$ 243,650	\$ 43,016	\$ 16,245	\$ 1,099,682	\$ 12,324	\$ 1,414,917	\$ 75,382	\$ 1,490,299	\$ 714,826	
Payroll taxes	18,761	3,796	1,538	110,129	1,197	135,421	6,721	142,142	73,407	
Employee benefits	23,832	6,022	2,686	172,912	2,090	207,542	12,324	219,866	123,368	
Total salaries and related expenses	286,243	52,834	20,469	1,382,723	15,611	1,757,880	94,427	1,852,307	911,601	
Contractual services	2,037	217,428	780,081	6,238,158	237,773	7,475,477	10,781	7,486,258	2,587,081	
Consultant fees	79	-	-	901,117	71,037	972,233	44,139	1,016,372	-	
Payroll processing fee	-	-	-	1,640	-	1,640	4,111	5,751	2,997	
Travel	1,553	1,342	840	24,300	1,436	29,471	11,462	40,933	46,746	
Web hosting	-	-	-	204	-	204	284	488	618	
Conference and Seminars	5,507	4,769	1,987	120,650	9,031	141,944	14,612	156,556	8,857	
Supplies and expense	139	426	-	9,327	420	10,312	7,623	17,935	17,444	
Professional fees	-	-	250	71,251	2,306	73,807	52,188	125,995	337,606	
Program supplies and Expense	13,792	388,306	1,844	62,343	-	466,285	592	466,877	219,829	
Postage and deliveries	27	116	78	1,132	136	1,489	1,907	3,396	3,253	
Printing	-	-	23	10,867	22	10,912	41	10,953	-	
Insurance	-	-	-	14,004	-	14,004	4,132	18,136	15,861	
Dues and subscriptions	-	-	-	147	-	147	16,600	16,747	4,135	
Bank service charge	-	-	-	-	-	-	32	32	207	
Marketing and advertising	-	-	-	360	-	360	1,042	1,402	-	
Miscellaneous	2,231	-	-	262	-	2,493	6,330	8,823	5,336	
Repairs and Maintenance	-	-	-	1,091	-	1,091	2,060	3,151	5,080	
Stipend	-	-	-	55,684	-	55,684	-	55,684	-	
Telephones	269	-	38	44,527	1,668	46,502	5,859	52,361	34,142	
Contributions	-	-	-	-	-	-	850	850	6,468	
Occupancy	513	68	103	129,800	6,773	137,257	31,058	168,315	122,167	
Equipment rental and Purchases	20	-	-	18,929	-	18,949	6,649	25,598	18,680	
Total expenses before depreciation	312,410	665,289	805,713	9,088,516	346,213	11,218,141	316,779	11,534,920	4,348,108	
Depreciation	-	-	-	40,716	-	40,716	3,568	44,284	12,413	
TOTAL EXPENSES	\$ 312,410	\$ 665,289	\$ 805,713	\$ 9,129,232	\$ 346,213	\$ 11,258,857	\$ 320,347	\$ 11,579,204	\$ 4,360,521	

See accompanying notes to financial statements

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2011 and 2010

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of Activities

The Public Health Institute of Metropolitan Chicago (the Institute) is a not-for-profit Illinois corporation exempt from income tax under Section 501 (c) (3) of the U.S. Internal Revenue Code. The Institute is not considered to be a private foundation. The Institute was formed in 1994 to cooperate with organizations in the public and private sectors in developing innovative programs, projects and opportunities to improve the availability and quality of public health, personal health and mental health services.

The Institute provides the following major programs:

- HIV/AIDS Prevention Project

This Project works to integrate routine, rapid HIV testing into a variety of clinical settings including emergency departments, STD clinics, and a jail-based clinic. This project seeks to conduct 50,000 HIV tests per year and identify 500 HIV- positive persons.

- The Affordable Care Act: HIV Prevention and Public Health Fund Activities

The Centers for Disease Control and Prevention in collaboration with other federal agencies launched the Enhanced Comprehensive HIV Prevention Planning and Implementation Program for Metropolitan Statistical Areas Most Affected by HIV/AIDS. This project places an emphasis on greater integration of HIV prevention, care, and treatment as well as integration of HIV, viral hepatitis, sexually transmitted disease, and tuberculosis prevention.

PHIMC, appointed by the Chicago Department of Health (CDPH) as its bona fide agent, worked to assess CDPH's HIV funding history, prevention and care programs and other related funding and activities as well as gathering information from programs and organizations that do not receive funding from CDPH. Activities included: key informant interviews with a variety of stakeholders, and focus groups with various community members who are from high risk populations, community planning leadership, and prevention and care service providers were conducted to identify gaps, barriers, and opportunities. The resulting Chicago's Enhanced Comprehensive HIV Prevention Plan incorporates findings from these assessments and serves as the foundation for a CDPH long-term strategic plan.

- Communities Putting Prevention to Work

This Funding was appropriated under the American Recovery and Reinvestment Act of 2009 to reduce Chronic Disease risk factors, prevent and delay chronic disease, promote wellness, and better manage chronic conditions in Suburban Cook County. This initiative will address the following:

- Increased levels of physical activity
- Improved nutrition (e.g. increased fruit/vegetable consumption, reduced salt and transfats)

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2011 and 2010

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Institute working in partnership with the Cook County Department of Public Health (CCDPH), seeks to promote healthy lifestyle policy changes in schools, the workplace, and community environments. The Institute and CCDPH will be working with community organizations and local government entities, engaging in health campaigns, offering policy advocacy trainings to communities, and awarding grants to communities and schools that are willing to further the Grant goals.

(b) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

(c) Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Non-Profit Organizations. Under SFAS No. 117, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if applicable.

(d) Revenue Recognition

The Institute recognizes contract revenue from its contracts either on a pro-rata basis over a twelve month period, which represents the service period for certain contracts, or to the extent of expenses. Revenue recognition depends on the contract. The funding agencies may at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Institute with the terms of the grants/contracts.

(e) Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Institute had no temporarily or permanently restricted net assets.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

(f) Refundable Advances

The Institute records grant/contract revenue as a refundable advance until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue.

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2011 and 2010

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Fixed Assets

Fixed assets acquired by the Institute are considered to be owned by the Institute except for the property acquired with funds received from the Funding Agencies. Such property shall not be disposed of without written approval from the Funding Agencies. The Funding Agencies may have a reversionary interest in the property as well as the determination of use of any proceeds from the sale of these assets.

The Institute follows the practice of capitalizing all expenditures for property, furniture, fixtures and office equipment in excess of \$500. Depreciation or amortization of all such items is computed on a straight-line basis over the estimated useful lives of the assets, which range from three to five years.

(h) Income Taxes

The Institute is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes in the accompanying financial statements.

(i) Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

(j) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(k) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(l) Valuation:

The Institute adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, expands the disclosure requirements around fair value and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The value of all of the Institute's assets and liabilities which are required to be carried at fair value are valued at quoted prices in active markets for identical assets and liabilities and are, therefore, considered Level I assets and liabilities.

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2011 and 2010

NOTE 2 - CASH AND CASH EQUIVALENT

As of December 31, 2011 and 2010, Cash and cash equivalent consists of:

	<u>2011</u>	<u>2010</u>
Checking accounts	\$570,163	\$234,490
Now Account	1,644	122,056
	<u>-----</u>	<u>-----</u>
	<u>\$571,807</u>	<u>\$356,545</u>

The Institute maintains its cash balances in one financial institution. Under the Wall Street Reform and Consumer Protection Act, all of the Institutes funds are insured in full by the Federal Deposit Insurance Corporation (FDIC) from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules.

NOTES 3 - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at December 31, 2011 and 2010 consist of:

	<u>2011</u>	<u>2010</u>
U.S. Department of Health & Human Services	\$1,515,935	\$532,519
State of Illinois Department of Public Health	745,824	263,108
The Health Federation of Philadelphia	91,702	22,699
AmeriCorp-Host Sites	7,102	34,125
	<u>-----</u>	<u>-----</u>
	<u>\$2,360,563</u>	<u>\$852,451</u>

NOTES 4 - FIXED ASSETS

As of December 31, 2011 and 2010, fixed assets consist of:

	<u>2011</u>	<u>2010</u>
Office equipment	\$25,064	\$25,064
Furniture and Fixtures	61,601	61,601
Computer equipment	37,847	37,847
Computer software	122,973	-
	<u>-----</u>	<u>-----</u>
	247,485	124,512
Less: accumulated depreciation	(57,734)	(13,450)
	<u>-----</u>	<u>-----</u>
	<u>\$189,751</u>	<u>\$111,062</u>

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

NOTES TO FINANCIAL STATEMENTS For the years ended December 31, 2011 and 2010

NOTE 5 – PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of the year have been adjusted to reclassify from grant revenue to deferred revenue account due to proper matching of revenue and expenses. The effect of these adjustments decreases the net assets by \$7,083. Had the errors not been made, the change in net assets would have been increased by \$7,083.

NOTE 6 - FUNDS HELD FOR OTHERS

During the fiscal year the Institute served as the fiscal agent for several agencies. At December 31, 2011 and 2010, the Institute held accounts with corresponding net receivables/payables to the following Organizations:

Chicago Department of Public Health Programs:

	<u>2011</u>	<u>2010</u>
Healthy South Chicago	\$(29,105)	\$ (29,105)
Northern Ill Public Health Consortium	(26,602)	(26,960)
HIV/AIDS Surveillance (Cook county)	179,932	81,731
Community Health Care Access	12,732	10,014
Chicago Department of Public Health	(13,681)	(3,659)
	<u>-----</u>	<u>-----</u>
	<u>\$123,276</u>	<u>\$ (31,785)</u>

NOTE 7 - GRANTS/CONTRACTS SUPPORT

Grants/Contracts Support consists of the following:

	<u>2011</u>	<u>2010</u>
City of Chicago Department of Public Health	\$ -	\$1,283,114
Illinois Department of Public Health	1,594,802	896,071
U.S. Department of Health & Human Services	9,938,685	2,221,827
Health Federation of Philadelphia	183,770	22,699
	<u>-----</u>	<u>-----</u>
	<u>\$11,717,257</u>	<u>\$4,423,711</u>

NOTE 8 – OPERATING LEASE

The Institute entered into a lease agreement on June 18, 2010 for its office space at 180 N. Michigan Ave., suite 1200. The lease commences on August 1, 2010 and expires on January 31, 2021. Monthly base rent shall abate for first six full calendar months of the term. SFAS No. 13 requires that rental expense for operating lease be recognized on a straight-line basis when the minimum lease payments are not level. During the current year contingent lease expense amounted to \$71,163.

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2011 and 2010

NOTE 8 – OPERATING LEASE -CONTINUED

The future minimum rent payments under the noncancelable lease term in excess of one year as of December 31, 2011:

Year ending December 31,	
2012	\$ 68,190
2013	70,005
2014	71,836
2015	73,660
Later years	402,617
Total minimum lease payments required	<u><u>\$686,308</u></u>

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated the significance of the subsequent events through May 10, 2012, which is the date of financial statements were approved and available to be issued.

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Public Health Institute of Metropolitan Chicago (the Institute) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Institute provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
ARRA - Prevention and Wellness - Communities Putting Prevention to Work	93.724	\$ 6,238,158
HIV Prevention Projects Grant HIV Rapid Testing	93.940	\$ 210,170
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	\$ 237,773

NOTE 3 - NON-CASH ASSISTANCE

None.

NOTE 4 - LOAN GUARANTEES/INSURANCE

None.

SUPPLEMENTAL SCHEDULE

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL SCHEDULE

To the Board of Directors
Public Health Institute of Metropolitan Chicago

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Public Health Institute of Metropolitan Chicago taken as a whole. The accompanying Supplemental Schedule of Revenue and Expenses by Program is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Chicago, Illinois
June 20, 2012

Mirza Baig & Company

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENSES BY PROGRAMS

For the year ended December 31, 2011

	AmeriCorp	HIV/AIDS Prevention Rapid Testing	HIV/AIDS Prevention Re-Entry	Communities Putting Prevention to Work	Enhanced Comp. HIV Prevention Planning	TOTAL PROGRAM SERVICES	Management and General	TOTAL
REVENUES:								
Grant/contract support	\$ 183,770	\$ 719,800	\$ 875,002	\$ 9,549,647	\$ 389,038	\$ 11,717,257	\$ -	\$ 11,717,257
Program income	202,491	-	-	-	-	202,491	-	202,491
Contributions	-	39,000	-	-	-	39,000	-	39,000
Grant management fee	-	-	-	-	-	-	17,100	17,100
Interest and Investment income	-	-	-	-	-	-	1,422	1,422
Miscellaneous income	-	-	-	-	-	-	318	318
TOTAL REVENUES	\$ 386,261	\$ 758,800	\$ 875,002	\$ 9,549,647	\$ 389,038	\$ 11,958,748	\$ 18,840	\$ 11,977,588
EXPENSES:								
Salaries and related expenses:								
Salaries	\$ 243,650	\$ 43,016	\$ 16,245	1,099,682	\$ 12,324	\$ 1,414,917	\$75,382	\$ 1,490,299
Payroll taxes	18,761	3,796	1,538	110,129	1,197	135,421	6,721	142,142
Employee benefits	23,832	6,022	2,686	172,912	2,090	207,542	12,324	219,866
Total salaries and related expenses	286,243	52,834	20,469	1,382,723	15,611	1,757,880	94,427	1,852,307
Contractual services	2,037	217,428	780,081	6,238,158	237,773	7,475,477	10,781	7,486,258
Consultant fees	79	-	-	901,117	71,037	-	44,139	1,016,372
Payroll processing fee	-	-	-	1,640	-	1,640	4,111	5,751
Travel	1,553	1,342	840	24,300	1,436	29,471	11,462	40,933
Web hosting	-	-	-	204	-	204	284	488
Conference and Seminars	5,507	4,769	1,987	120,650	9,031	141,944	14,612	156,556
Office supplies and Expense	139	426	-	9,327	420	10,312	7,623	17,935
Professional fees	-	-	250	71,251	2,306	73,807	52,188	125,995
Program supplies and expense	13,792	388,306	1,844	62,343	-	466,285	592	466,877
Postage and deliveries	27	116	78	1,132	136	1,489	1,907	3,396
Printing	-	-	23	10,867	22	10,912	41	10,953
Insurance	-	-	-	14,004	-	14,004	4,132	18,136
Dues and Subscriptions	-	-	-	147	-	147	16,600	16,747
Bank service charge	-	-	-	-	-	-	32	32
Marketing and advertising	-	-	-	360	-	360	1,042	1,402
Miscellaneous	2,231	-	-	262	-	2,493	6,330	8,823
Repairs and Maintenance	-	-	-	1,091	-	1,091	2,060	3,151
Stipend	-	-	-	55,684	-	55,684	-	55,684
Telephones	269	-	38	44,527	1,668	46,502	5,859	52,361
Contributions	-	-	-	-	-	-	850	850
Occupancy	513	68	103	129,800	6,773	137,257	31,058	168,315
Equipment rental and Purchases	20	-	-	18,929	-	18,949	6,649	25,598
Total expenses before M & G and Depreciation	312,410	665,289	805,713	9,088,516	346,213	11,218,141	316,779	11,534,920
Management and General (M & G)	-	19,704	23,948	261,406	10,644	315,702	(315,702)	-
Depreciation	-	-	-	40,716	-	40,716	3,568	44,284
TOTAL EXPENSES	\$ 312,410	\$ 684,993	\$ 829,661	\$ 9,390,638	\$ 356,857	\$ 11,574,559	\$ 4,645	\$ 11,579,204

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the year ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Contract/ PO Number	Contract Period	Revenues	Expenditures
U.S. Department of Health and Human Services:					
Center for Disease Control and Prevention					
ARRA - Prevention and Wellness -					
Communities Putting Prevention to Work **	93.724	IU58DP002623-01	3/19/10-3/18/13	\$ 9,549,647	\$ 9,549,647
				9,549,647	9,549,647
Center for Disease Control and Prevention					
The Affordable Care Act: Human Immunodeficiency Virus					
(HIV) Prevention and Public Health Fund Activities **	93.523	IU65PS003267-01	9/30/10-9/29/12	389,038	389,038
				389,038	389,038
Pass-Through the Illinois Department of Public Health					
HIV Rapid Testing **	93.940	95780746	9/30/09 - 9/29/11	719,800	719,800
				719,800	719,800
				10,658,485	10,658,485
Total U.S. Department of Health and Human Services					
Corporation for National Community Service					
Pass-Through Health Federation of Philadelphia					
AmeriCorps	94.006	10ND112067	9/1/10-8/31/11	110,526	110,526
		10ND112067	9/1/11-8/31/12	73,244	73,244
				183,770	183,770
TOTAL FEDERAL GRANTS				\$ 10,842,255	\$ 10,842,255

**Major Program

**REPORTS REQUIRED BY
OMB CIRCULAR A-133**

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Public Health Institute of Metropolitan Chicago
Chicago, Illinois

We have audited the financial statements of Public Health Institute of Metropolitan Chicago (the Institute) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Institute's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

MIRZA BAIG & COMPANY

Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of Public Health Institute of Metropolitan Chicago, others within the entity, the board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chicago, Illinois
June 20, 2012

Mirza Baig & Company

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Public Health Institute of Metropolitan Chicago
Chicago, Illinois

Compliance

We have audited Public Health Institute of Metropolitan Chicago (the Institute) with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2011. The Institute's major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Institute's management. Our responsibility is to express an opinion on the Institute's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Institute's compliance with those requirements.

In our opinion, Public Health Institute of Metropolitan Chicago complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

MIRZA BAIG & COMPANY

Certified Public Accountants

Internal Control over Compliance

Management of Public Health Institute of Metropolitan Chicago is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Institute's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with (OMB) Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management of Public Health Institute of Metropolitan Chicago, the board of directors, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chicago, IL
June 20, 2012

Mirza Baig & Company

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2011

Section I - Summary of Audit Results

Financial Statements

Type of auditor's report issued:

Unqualified Opinion

Internal control over financial reporting:

- Material weakness(es) identified?

___ yes x no

- Significant deficiency(s) identified that are not
Considered to be material weakness(es)?

___ yes x None noted

Noncompliance material to financial statements noted?

___ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?

___ yes x no

- Significant deficiency(s) identified that are not
Considered to be material weakness(es)?

___ yes x None noted

Noncompliance material to financial statements noted?

___ yes x no

Types of auditor's report issued on compliance for major
Program:

Unqualified Opinion

Any audit findings disclosed that are required to be reported?

___ yes x no

Identification of Major Programs:

CFDA # 93.724 - U.S. Department of Health and Human services - ARRA - Prevention and Wellness-
Communities Putting
Prevention to Work

CFDA # 93.940 - U.S. Department of Health and Human services - HIV Prevention Projects Grant

CFDA # 93.523- The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public
Health Fund Activities

Dollar threshold used to distinguish between Type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

___ yes x no

Section II - Financial Statements Findings

None

Section II - Federal Award Findings and Questioned Costs

None

PUBLIC HEALTH INSTITUTE OF METROPOLITAN CHICAGO

SUMMARY OF PRIOR YEAR FINDINGS

For the Year Ended December 31, 2011

Findings and resolutions -

None